

STATEMENTS

*U. S. Congress. House. Committee
" of ways and means.*

TO THE

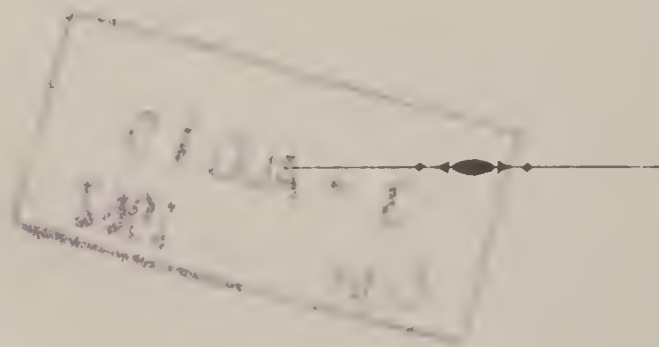
COMMITTEE OF WAYS AND MEANS

ON THE

MORRISON TARIFF BILL,

AND ON

THE HEWITT ADMINISTRATIVE BILL,
THE HAWAIIAN TREATY, ETC.



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COMMITTEE OF WAYS AND MEANS.

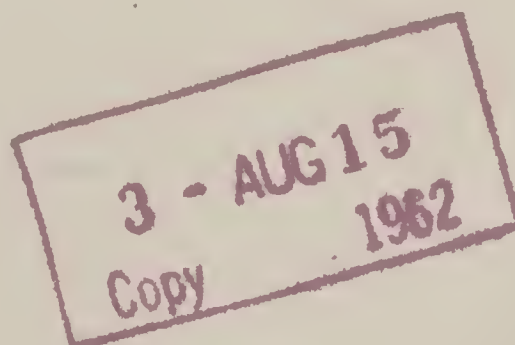
FORTY-NINTH CONGRESS.

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THOMAS B. REED,
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H E A R I N G S

BEFORE

THE COMMITTEE OF WAYS AND MEANS

OF

Delegations interested in the manufacture and transportation of sugar shooks in favor of a rebate of one-fourth cent. per pound on sugar imported in American hogsheads.

WASHINGTON, D. C., February 17, 1886.

The committee met at 10.35 a. m. Present, the chairman (Mr. Morrison) and Messrs. Mills, C. R. Breckinridge, Maybury, W. C. P. Breckinridge, Kelley, Hiseock, Browne, Reed, and McKinley.

STATEMENT OF MR. B. T. MARTIN, OF WEST VIRGINIA.

The CHAIRMAN. Please state your name, residence, and occupation.

Mr. MARTIN. My name is Martin—B. T. Martin. I am a lawyer by profession, but, like many others, I was raised in the woods and have been used to some of the hard knocks of life, and know something about the matter of which I propose to talk. I am admonished, gentlemen, by the time of day it is, that I must be brief, because there are several other gentlemen who desire to say something who are practical men. There is a very large interest in this country that is to-day absolutely wrecked by the existing state of things. I refer, gentlemen, to what we call the coooperage business, or, as it is commonly called in the rustie vernacular, the “shook” business.

Since the Governments of England and Germany have been furnishing bags to the West Indies the shook business has really gone down to nothing. Three or four years ago we made and shipped a million of hogsheads of shooks to these islands, in which the sugar and molasses were returned here; but, if I may add, let me say that about nine-tenths of the product of sugar and molasses of Cuba comes to this country. Cuba being in financial distress, called upon the Government for relief. The relief they provided was that they might ship in bags at one-fourth of a cent per pound less than they could ship in hogsheads. That relieved them at once by their Government of the distress they were in. But in doing that, leaving the duty on hogsheads as it was before, it destroys the trade in this country.

A MEMBER. Is that an export duty on hogsheads?

Mr. MARTIN. Yes, sir. So we are in that condition. In a few moments I will propose the remedy; but I want now to give you some of the details of how this came about. Three or four years ago we shipped 1,000,000 of shook staves—hogshead staves. Two years ago it was reduced to 750,000; last year it went down to 500,000. The estimate to-day is that there will not be more than 250,000 shipped from this country there this year. We cannot do it. The trade is surely broken down. There is no price to-day for staves. Men have the raw material on hand, but there is no market. The mills have ent them, and they are all standing idle. Now, an instance of it is at my own door in the city of Baltimore. There are a large number of staves ready to be worked into shook, and all the machinery is there, and only the other day the mill and all were sold for a mere song—less than one-half its value—because there was no market for the staves. That is the condition of things. England is running her bags into the West India markets, and Germany is doing the same thing. They are provided with bags to ship in; and let me say to those who don't understand that 5 bags

will carry just as much as one hogshhead. The duty on 5 bags is 15 cents; but the duty on 1 hogshhead is 45 cents. Thus Cuba was relieved, leaving the hogshhead tax as it was before; but while it relieves them it catches us.

Now, there must be some remedy. It is a great evil and wide-spread. Understand that there are many thousands of men engaged in this business. You must realize the truth. The man who cuts down the timber is engaged in it. The man who runs the saw-mill is engaged in it. All the workmen, all the laborers of every class are engaged in it. Not only these men, but our boat-builders are interested in this business very largely. It ramifies itself through almost every branch of business. How are we to obtain relief is the question. As I said, a million of shooks were shipped and a like number of pairs of heads were shipped out. Sixteen millions of hoop bales went out. When that was done we had the benefit of the carrying trade, too, of those islands, and in return we brought back nine-tenths of the sugar and molasses. Now, under the present state of things, we can't do that. The carrying trade is destroyed as well, because our boat-builders cannot build the boats and ballast them and go out there simply to bring back a cargo. It doesn't pay. Why doesn't it pay? I will tell you. Because the port fees charged are so high that they can't afford to do it. Now, the question of how this is to be remedied is what brings us here this morning to see if there can't be a remedy provided to protect our own people and injure nobody else. Now, if you will lessen the duty on sugar, shipped in hogshheads, mark you, one-fourth of a cent per pound, it will decrease the cost to the consumer. Whom will it injure? It will assist the boat-builders and the carrying trade generally. It will assist all classes of labor in the country engaged in this business in any manner whatever. Now, whom will it injure? Whom will a reduction on sugar in hogshheads of one-fourth of a cent per pound injure?

A MEMBER. You mean one-fourth of a cent less than when shipped in any other way?

Mr. MARTIN. Yes, sir, that is it; leaving the bags just as they are. They made the change on bags in order to get relief there, and in doing it they got the advantage of us. If Spain takes advantage of that circumstance, if England and Germany take advantage of it, why shall we not on the other hand take care of our laboring men and our interests in general by protecting this class of people when we can do it and injure no one. Now, gentlemen, a great many States are interested in this business.

A MEMBER. Where do they get their bags from?

Mr. MARTIN. England and Germany. Those two countries furnish all the bags in which they ship their sugar.

A MEMBER. Of what material are their bags made?

Mr. MARTIN. I don't know, sir; some of these gentlemen can tell you that. Now, as I was going to say, the States of Maine, New Hampshire, Vermont, Kentucky, Virginia, West Virginia, Pennsylvania, New York, and Tennessee, are primarily and greatly interested in this matter. In these States alone comes largely the timber that enters into this shook, such as white pine, hickory, spruce, white oak, hemlock, and so on. I repeat it, that labor is interested in it everywhere. The class of men that are interested in the manufacture of all this material that is shipped out there are generally poor men. If, therefore, there is any interest in this country that should be looked to with great care it is that labor interest. We owe it to the laborer because it is the labor that makes the wealth of the country at last. And right here let me say a thing that you haven't thought about, perhaps, but it is a fact. The timber that this shook is made of is worthless for anything else. They can't use it for anything else—the lumber that this is made of. They take the slabs and the tops of trees after using the best portion up in cross-ties. Take a tree ruined for many other purposes and they can cut that up and manufacture it into shook. So that these day laborers make value out of that which has no value. It amounts to millions of dollars in the end. Three or four years ago it amounted to \$7,000,000. They used that timber which was comparatively worthless and ordinarily would have been burned up, as indeed it was in time past. We used in time past to burn up the timber indiscriminately, but now we are more careful of our timber.

I have said the ship-owners and the ship-builders are interested in it, because it gives them a valuable cargo. With the cargo going out we paid for the article we got there and brought another cargo back in return. Thus the ship-owner was paid for the outgoing and the incoming freight. Now it amounts to nothing. Laborers, as well as the ships, are begging for something to do. They cannot get anything at all to do. All things are idle. There is no market. There is a large amount of staves on hand ready to be made into shook, and in some parts a great deal of shook already made and no market. Now we hope the American Congress will provide some remedy for all this. I have made some figures here which I wish to submit to the committee. To the ship-owners who transport shook to the West Indies the trade alone was, three or four years ago, nearly \$5,000 a year.

A MEMBER. Pardon me. I would like to know if by shook you mean staves.

Mr. MARTIN. I mean staves manufactured and ready to be set up in hogsheads. We call that shook. I would be glad if the committee would suggest anything that any member does not happen to understand, or that they would ask any question that might occur to them. Now they put thirteen or fourteen of them in a bunch and tie it up and ship it out.

A MEMBER. There is no difference between that and the ordinary staves that they manufacture barrels out of, is there?

Mr. MARTIN. No sir; there is no difference except in the size. Hogshead staves are, of course, much larger. The question was asked me this morning why they could not ship in barrels. Well, they do not use barrels at all in shipping sugar. The wood must be of a hard material. I was about to say that this freight to ship-canal and railroads amounted to perhaps half a million of dollars annually, and the return freights of these vessels amounted to a couple of million. That is what it used to be, but now it is nothing. And whereas formerly there were three hundred ship-loads a year, now there are not twenty, as I am informed by gentlemen who seem to understand it; so that everything is at a standstill and labor is suffering.

The direct cooperage, as I remarked awhile ago, is a million of those shook annually, a million pairs of heads and sixteen million of hoop-poles. That enters into the freightage going out, and the other enters into the freightage coming in. Now, no ships are being built for this trade. There are gentlemen here who were building them formerly, but they have stopped now. The fact is, large vessels, perchance, might go over and bring back a load, but the small vessel cannot afford to do it, unless they have something to carry out with them; and there is nothing else to take out there but these staves. If we go without them, we must put in some kind of ballast, and that we cannot do on account of the port charges there being so high. The railroads of this country are interested in it as well. They lose the freights upon all of this industry; but it so ramifies itself that there is no place, there is no condition of society that it does not reach—the rich and the poor, the capitalist and the day laborer are all alike interested in it. The man with capital cannot use it, the man with the ax and the tools ready to manufacture the material cannot get any work to do, while his family begs for bread, perhaps.

Now there must be some remedy. Why, these freights will amount to \$300,000 a year alone to the railroads. So it retards the railroad enterprises and interests of our country generally. I think the greatest duty we owe to our people is to so legislate on all questions touching their rights as to give labor particularly the highest possible inspiration. If you protect labor in any way it will always reward you. Now, it is proposed to protect it here by reducing the tax or duty on the necessities of life—sugar, that is used by the rich and poor alike.

Somebody will say "how will that affect Louisiana?" Louisiana will pay the same whether it comes in bags or in hogsheads; who then does it injure? It affects nobody but the Government, and the Government has taxes enough and to spare. Take off, then, this one-fourth of a cent per pound on sugar shipped in hogsheads and the sugar interest will take care of itself. That is all you have to do, gentlemen. Now whether you can best do that in a general tariff bill or in a bill by itself is a matter for your own consideration, gentlemen. But however you do it in the name of those interested, of those laboring men; in the name of this interest that affects everybody in these States that I have named, we beg you to give us some relief, so that our timber shall not rot upon our lands; so that our hoop-poles may not grow in vain; so that what a bountiful Providence has provided for us may furnish existence to the working people of our country. It is what we ask of you, gentlemen; you have control of this matter. Now, gentlemen, I think I have taken enough time; I have made more remarks perhaps than I should in the presence of gentlemen who know much more than I do about this subject. I should be glad to hear Mr. REED next.

Mr. KELLEY. If I understand you, your suggestion is that we may so legislate, without imposing additional burdens on other people, that these men may be enabled to use the raw material they have at hand?

Answer. That is exactly it; I think you can do that without injuring any interest in the world.

STATEMENT OF MR. F. A. REED, OF ALEXANDRIA, VA.

Mr. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: In the outset of my remarks, I desire to correct some statements made by Mr. Martin: First of these is the historical fact to which he alluded, regarding the Spanish export tax upon sugar in bags. Formerly the export tax levied by the Spanish Government was slightly in excess on that upon bags to that levied upon sugar in hogsheads. The relief afforded was simply to take off that in bags, leaving the export duty to-day the same rate per pound as that exported in American hogsheads. In other words, they equalize the duty on bags

and hogsheads. That portion of the statement is true in which he asserted that the import tax levied by the Spanish Government upon the bags necessary to carry the same weight of cargo that a hogshead will contain, about 1,600 or 1,700 pounds, enter their port for 15 cents, while on the American hogshead they charge 45 cents.

A MEMBER. Please repeat that statement.

Mr. REED. I simply say the number of bags necessary to carry the weight of sugar that the American hogshead will carry goes into the port for 15 cents; but for the American hogshead they charge 45 cents. Thus there is 30 cents against us, you see. Now, I desire—

Mr. BRECKINRIDGE, of Kentucky. Do I understand that the export duty is the same?

Mr. REED. Yes, sir. Now, gentlemen, if Congress gives us that remedy, that is, to reduce our import duty one-fourth of a cent a pound upon sugar imported in American hogsheads, that don't affect the price of sugar; because that will throw it into the American hogshead simply, instead of into the bag. And the difference of cost will be paid by the Spanish Government.

Mr. BRECKINRIDGE, of Kentucky. What would be the amount of that duty at that reduction on a hogshead of sugar?

Mr. REED. I am not sufficiently familiar with the duty on sugar to tell you that.

A DELEGATE. About \$4 a hogshead, I think, allowing each hogshead to contain 1,600 pounds.

Mr. BRECKINRIDGE, of Kentucky. The remedy would give them an advantage of \$4 a hogshead.

A DELEGATE. The reduction would be equal to \$4 a hogshead, yes.

Mr. BRECKINRIDGE, of Kentucky. I understand.

Mr. REED. In other words, it would deplete the Treasury of the United States to the extent of \$4 a hogshead.

Mr. MILLS. Well, that would depend upon whether the duty on sugar was above the revenue point or not.

Mr. BRECKINRIDGE, of Kentucky. He spoke by units.

Mr. REED (continuing). Mr. Hight suggests that formerly the Spanish Government protected this cooperage industry. Now let me try to explain this to you. That industry there was engaged in manufacturing the shook that was sent there. We sent them in this form: We sawed the staves and edged them, and joined them, and set them up in truss hoops, making a perfect hogshead. Then we knocked that hogshead down, bound it up, and that is what we call shook. So that when the cooper got it in Cuba, as we sent the hoops, all that he had to do was to put it together. The cooper shops there had simply to take the shook and set it up, and the hogshead was made. The reason of the former difference of duty on bags being in excess was to protect that cooperage interest in the island of Cuba. But they have equalized the whole thing, and now the cooperage industry is gone there.

Now, as to my own section of the country I will speak a word. I want to say that about 1880, and two or three years preceding that, we thought that we could, in Alexandria, establish this cooperage business. We went to work. Since 1880 we have exported eighty-nine large cargoes of shook and hoops. These eighty-nine large cargoes represent about \$650,000. The vessels themselves have left in our port perhaps \$30,000. In addition to that, we have furnished an amount of cooperage in that immediate region aggregating about \$400,000, which we have sold to the other dealers through the country. That represents the industry in my section of the State of Virginia. It is fair to say that this is but a fair sample of the whole country. Now, gentlemen, this amount of money, with the mere exception of the small profit that the owners of the mills get (and some of them say they realize but 6 or 8 cents a shook) all goes into the hands of the laboring man. Perhaps there are 50,000 of these laboring men engaged in this cooperage interest. And we ask you, gentlemen, to consider this measure, not as a political or party measure, but as a means of giving relief to an industry that is of incalculable value to these 50,000 poor men.

It utilizes a class of timber that cannot be used for any other purpose. We use slabs from large timber, and hollow timber, and we still use a large amount of red oak and very inferior oaks that cannot be used in the market as timber. Now the remedy proposed will not affect the price of shook one single iota. It cannot affect Louisiana, because we simply propose to throw the sugar into the American hogshead instead of the English and German bag, and sell it here just at the same price that it is today. With your permission now, gentlemen, I will close.

A MEMBER. How is it that so many are engaged in this business?

Mr. REED. It is scattered through the whole wide expanse of this country. The work is largely done in the woods. The first man is he who cuts the poles; then comes the man that hauls them to the yards, and then comes the shook mills. They are usually placed in the woods. We cannot afford to carry the material to the towns to manufacture it. The expense would be too great; consequently, our shook mills

are placed in the woods, and the labor necessary to convert this into shook is diversified through the whole country.

A MEMBER. They are small establishments, I presume.

Mr. REED. Yes, sir. One mill employs, perhaps, altogether in the various capacities, forty men, and the cutters form little camps in the woods. Now I will not speak of the bearing of this question upon the shipping interest, because there is a representative of that interest here who will address you.

STATEMENT OF MR. JOHN W. DYER, OF PORTLAND, ME.

Mr. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: After what has been said by the gentleman who preceded me, the only thing I can say is this: the cost of the bags in Cuba is \$1, the cost of the hogshhead is \$5 in Cuba. Now, the quarter of a cent reduction which we ask here just equalizes the thing. I do not know that I can say anything more than what has been said.

A MEMBER. What effect has it upon the shipping interest?

Mr. DYER. Well, Captain Winslow can tell you that better than I can. I was in Cardenas, in business, and I have seen the time when you could see the American flag floating at the mast-head of one hundred and forty vessels in the harbor of Cardenas that carried sugar and molasses; and I presume to-day there would not be more than fifteen.

The CHAIRMAN. When was it you saw so many?

Mr. DYER. It was twenty years ago.

Mr. BRECKINRIDGE, of Kentucky. When did this change take place?

Mr. DYER. It has been within four or five years. It is gradual; it has been reduced from \$1,000,000 to less than \$200,000.

A MEMBER. How many pounds do they put in a bag?

Mr. DYER. Two hundred and fifty pounds.

A MEMBER. What kind of a bag is it that they use?

Mr. DYER. It is a jute bag.

A MEMBER. How is sugar imported to other countries?

Mr. DYER. In bags or in baskets. They sometimes import in baskets.

A MEMBER. Would not this measure you suggest give an advantage to Cuba?

Mr. DYER. No, sir; that is the main point I want to have you understand. It does not affect any importer in New York; we simply equalize it, that is all. The cost of the bags equal to a hogshhead in Cuba is \$1. Now the hogshhead that holds 1,500 or 1,600 pounds costs \$5. That is \$4 in favor of the bag. Now, when that gets here, if our Government takes a quarter of a cent off the hogshhead, that just puts the thing equal. Or, in other words, if you import a cargo of sugar from Cuba in bags and I a cargo in hogshheads, your invoice amounts to \$4 less per hogshhead than mine. But if the duty is a quarter of a cent less on a hogshhead, then our invoice costs just the same.

Mr. BRECKINRIDGE, of Kentucky. Your remedy is to ask a mode by which we can make the Cuban fellows buy our hogshheads for \$5 rather than the bags at \$1?

Mr. DYER. Yes, sir; that is it; that is the point.

The CHAIRMAN. It costs a quarter of a cent more to send the sugar here in a hogshhead than it does a bag?

Mr. DYER. Yes, sir.

The CHAIRMAN. And we agree that if they will buy the hogshheads and send them here we will pay for the hogshheads; that is we will tax them a quarter of a cent less; of course it would be our own hogshheads?

Mr. DYER. Yes, sir; it does not alter the price of sugar any in New York City. It will not affect the price one one-hundredth of a cent per pound. I cannot see that any importer in bags can find any fault.

Mr. MARTIN (a delegate). Permit me. Does not the Cuban even prefer the hogshheads?

Mr. DYER. Yes, sir; on an equal footing; we do not want any advantage; we only want the thing equal, a chance for honest competition. This quarter of a cent, gentlemen, will make the thing equal, and that is all we demand. Another thing, as the thing now stands there is a practical discrimination against American cooerage. It is practically in favor of those vessels which go in ballast, seeking business where they can find it—those tramp vessels, as we call them. As the thing stands it is a moral discrimination. There may have been no legislation to do it, but circumstances have brought it about so that it is a practical discrimination.

The CHAIRMAN. Because the English take their sugar without paying this two or three cents a pound?

Mr. DYER. Yes, sir; those same tramps bring the sugar to this country.

A MEMBER. Do you mean to say that this change in the bags for sugar has worked that great change?

Mr. DYER. To a great extent, yes, sir; if our vessels carry the cooperage they are already there and would bring back the cargo. But these English tramps center there, and the moment there is a difference in the market they are off with the sugar. I cannot see any difference whether circumstances have brought the existing state of things without legislation or whether legislation has brought it about. One thing is sure, to remedy the evil there must be legislation. As it stands now it is an existing fact; legislation has not brought it about. I think circumstances have brought it about. It is morally a discrimination against our shipping and the interests of this country. The only thing to remedy it is the quarter of a cent reduction that we demand. They may say this is discrimination; well, it is practically discrimination without it—discrimination against us. And further I will say that there is not in the whole of New England to-day one vessel on the stocks being built for the Cuban trade, while formerly I have known fifty to be on the stocks at one time. Now, gentlemen, if you find upon a thorough investigation you can give us relief without harming any interest, we ask you to do it. I think when you get to the bottom of the matter and thoroughly understand it and see it as it is, that you cannot find any other interest in the country, the sugar raiser or the packer, that is going to raise any objection or find any fault with it after it is done. It will be certainly a great relief, especially to our ships. Instead of giving the ships a subsidy, it simply gives them a chance to earn their own living. It simply gives them a fair show.

STATEMENT OF MR. ISAAC B. MILLS, OF BOSTON, MASS.

Mr. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I shall use a little data to begin with. In the earlier history of our great country, say 1820, my father started his cooperage business in the city of Boston, and forty years ago I joined with him and am now associated with my brothers in the same business. He used to have staves and hoops made in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. Later we went as far as New York State. In Pennsylvania many trips have I made in the mountain regions after staves, and heading, and hoops. I have not bought many hoops and shooks in Pennsylvania within five years. That interest in Pennsylvania has been connected with our Boston interest for thirty years, but we finally had to branch off to Michigan, Ohio, Indiana, Kentucky, Arkansas, and of course into Virginia and North and South Carolina, and have had continuously up to within two or three years staves by the car-load. Lord & White have sent many cargoes, so that our interests have been more or less diversified all over the Atlantic States. To-day we cannot send for the red-oak staves because we manufacture the shook in Boston.

Twenty-five years ago we bought whole cargoes of staves in Norfolk, and brought them to Boston and manufactured them. Again, we have had hoops from Illinois in large quantities. They grow the young timber there especially for this business. From fourteen to sixteen years' growth is required for a good hogshead pole. Our firm had employed hundreds of men in Massachusetts, Rhode Island, and Maine to make us the 12 or 14 foot hoops. We used to send millions of hogshead hoops from Boston, but this year we have not sold 100,000 in all. The interest you see that has gone from New England to the West and South is going to be finally cut entirely off.

I hold in my hand a letter that we received from Cardenas, Cuba, on the 11th of this month, written on the 5th, in Cardenas, by the firm of A. Gow & Co. I have sold this firm alone whole cargoes for a great many years.

Mr. KELLEY. Before reading permit me to ask whether there is any reason why none of this material is gotten from Wisconsin? I discover you do not mention that State.

Mr. MILLS. I will tell you. The high rate of freight precludes our bringing it from that State. It is too far from us and the communication too difficult.

Mr. MAYBURY. Are the shipments very large from Michigan?

Mr. MILLS. The shipment of new shook was very large until up to two or three years ago. We have been up there and bought land and arranged with a gentleman of Lansing—

A MEMBER (interrupting). They are made exclusively of hard-wood timber?

Mr. MILLS. Yes, the hogshead shook is, and by the bye every shook embraces 30 or 32 staves, so that there are 30,000,000 staves in 1,000,000 shook. [Producing a letter.] I will refer to the letter which I mentioned. This gentleman says:

"We have not been able to place your sugar hogshead shooks for the reason that hogshead shooks are going out of fashion and bags coming in. * * * Thousands of German and English bags are in the market and no sale for them."

Thus, you see, they have overloaded the market.

[Continuing to read.] "In regard to bags, thousands of German and English bags are now in our market and the market is overloaded, and to all appearances they evi-

dently thought that the whole crop of the island was going to be forwarded in bags this year and not hogsheads."

Now we have in Arkansas perhaps a hundred men with their families depending upon us, making white-oak and red-oak staves. We have——

Mr. BRECKINRIDGE, of Kentucky (interrupting). What is the proportion of the white oak to the red oak?

Mr. MILLS. The white oak is the larger proportion.

Mr. BRECKINRIDGE, of Kentucky. And it does not go into this?

Mr. MILLS. No, sir; there is sometimes an inferior quality of white oak used in sugar hogsheads. I also want to say, gentlemen, that the shooks for which we paid in Pennsylvania \$1.35, landed in Boston, I would not give 50 cents for to-day. This Arkansas business we have probably got to abandon altogether. There are lots of poor people down there I assure you, gentlemen [laughter], and when you encourage a poor hard-working man in Arkansas you encourage every man's interest in this country, because they are worthy of encouragement. I have been among those men in Arkansas and know something about them. [Renewed laughter.] Others have spoken about the vessel interest. Now I own a wharf in Boston for the cooperage business, and we have loaded at that wharf alone, in a single season, from October to June, fifteen vessels. To-day it is the 17th of February, if I am right—I am away from home and I may have forgotten the date [laughter]—and we have not loaded up to date twenty vessels this season. Now that is not so much out of my pocket, but it is out of the pockets of the hardest of laboring hands that need this legislation.

A MEMBER. What is the cost of this shook?

Mr. MILLS. The cost, with a pair of heads, is \$1.60.

A MEMBER. How many staves?

Mr. MILLS. Thirty-one staves on an average, with a pair of heads; I think it was said 16,000,000 pair of heads. Now all this is lost to those hard-working men. I stand by those workmen, and I know that the representatives of the whole nation will stand by them, too.

Mr. BRECKINRIDGE, of Kentucky. Hoop-poles come largely from Illinois, I believe?

Mr. MILLS. There are hoops that come from Illinois by the car-load. [Renewed laughter.] I pay big freight on them, too. I did not mention staves as coming from Illinois, but there is a good deal of young timber there let me say.

Mr. BRECKINRIDGE, of Kentucky. Just give them a chance and they will come out all right. [Laughter.]

STATEMENT OF MR. A. G. WILLIS, OF VIRGINIA.

Mr. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I haven't a great deal to say to you. I am not in the habit of addressing a body. I have been a manufacturer of shooks for the last three years. Previous to that time I was engaged in the lumber business. About twenty years ago the cooperage business, in a certain line, commenced in Culpepper County, Virginia. It commenced with the hoop business, and then we got to making the staves and the shook. A great many of our people have subsisted on that business. We have with us a large amount of material for cooperage. Our lands are generally poor and covered over with forests. The finer portions of the pine have been taken, and left nothing for us but smaller oak. We have had a large number of men for years engaged in the business, which business is now stopped. Those men have been idle since the 1st of January. Contracts have closed and work has ceased. I would say I have been running one mill in making staves, and have had about forty men employed, directly and indirectly—not for heading, but for the staves and the shooks. We do not make the head.

We go into the woods first and saw down the trees, cut them up into certain lengths, carry them into the mills, and then they come off and are hacked up and dried, when they are taken to the cooper shops and packed. We have straps to go on them. We have teams engaged in hauling, and all of these are idle. Our machinery is idle and useless unless this thing goes on. I am only here to answer any questions in regard to the working operation in making shook. I have been in that business for a long time. Our people are exceedingly anxious that something shall be done. When I get back they will come around to know whether there is any prospect in the future. Hundreds of men are idle. There is nothing on the farms to do. I have found this shook business different from any other business that I have been engaged in. I find that in this business there are less margins than in any other business I have ever engaged in. The money all goes into the pocket of the party who works. I had a contract with Messrs. Lord & White, and I have often tried to get them to put in figures, but I never could get any money out of it. There was no appreciable profit, but still I am willing to get another contract in order to get these men some work to do—these laboring men. I am expecting that this committee will do something to get this state of things changed.

Well, gentlemen, I believe that is all I have to say.

STATEMENT OF CAPT. J. S. WINSLOW, OF PORTLAND, ME.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: This coooperage business has been pretty well covered here. I am interested in the carrying of those shook—that is, in the building and owning of vessels. I have been in that business for the past twenty-five years, in running vessels to Cuba. Previous to that, for thirteen years, I was master of a vessel in the West India trade. We have gone on successfully until the last four or five years, and since that time it has been dwindling down. For the last two years we have not built any vessels, but previous to that we built from 5,000 to 6,000 tons of vessels a year for that business, and they cost \$50,000 a ton, and three-fourths of that would be labor. But now it is done. There are no vessels being built for that trade on our coast. It cannot be done successfully. There is 25 or 30 cents tonnage dues in Cuba. If we carry out a cargo and fetch back no molasses or sugar we still have to pay it. You cannot run one of those vessels that will carry 500 or 600 hogsheads of shook out there and bring back sugar at \$2.50 or \$3 a hogsh-head. It cannot be done. There must be a cargo to take out. This sugar now is principally carried in those English steamers. We call them tramps, because we want to get an ngly name for them, and they are taking away our business. [Laughter.] They usually carry from 1,200 to 1,600 or 1,800 hogsheads of sugar. They run out in a few days, and can make three trips to our one. Now, our class of vessels are worthless for the winter time. In the summer time we carry coal and do the best we can, but the winter time has been the time when our vessels have been the most profitable in the past.

MR. BRECKINRIDGE, of Ky. I am so ignorant in these matters. Now, I want to ask you a question. Now, could you compete with these tramps if you had what you ask?

MR. WINSLOW. Yes, sir.

MR. BRECKINRIDGE, of Ky. Would not they take this business from you?

MR. WINSLOW. No, sir; they would not. If we get 20 or 25 cents for shooks we can run them off.

MR. BRECKINRIDGE. Now, cannot they carry the shooks to Cuba more cheaply than you? Do you think that Mr. Mills would ship them over your line out of patriotism?

MR. WINSLOW. In answer to that, I would say that English steamers draw 18 or 20 feet of water and cannot get into the harbor to land these shook and have to lighter it. A vessel carrying 500 of these hogsh-head shooks can go into many wharves in these ports while a steamer cannot, and everything must be lightered.

MR. BRECKINRIDGE. They can go into some ports to deliver that they cannot go into to accept sugar?

MR. WINSLOW. Yes, sir; but unless this is done there will be no hogsheads to carry for them or use either.

A MEMBER. Our crafts, as I understand it, have always carried those hogsheads to the exclusion of everybody else?

MR. WINSLOW. Yes, sir; that is true.

A MEMBER. It would be difficult to find a single point or wharf in the United States where one of those English vessels could get a cargo, would it not?

MR. WINSLOW. Yes, sir; and then they do not want to mix the thing. Our vessels count on taking a cargo out and bringing back a cargo of sugar. Now, I never heard of but one steamer loading at Portland. It was some years ago and she was going to New Orleans or somewhere and taking a load very cheaply and carried it out. Now those tramps have a large crew and they must be loaded immediately. In many of those places a steamer could not come into our wharves. In Portland a steamer could not load at but two wharves, while a 5,000-shook vessel can load anywhere. I do not think the steamers would be in our way. But we will not, any of us, get the hogsheads to carry out unless something is done.

STATEMENT OF MR. ROBERT H. SMITH, OF BALTIMORE, MD.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I am not going to frighten you with any documents [producing a paper], but I have a report here of Messrs. Hidalgo & Co., of Cuba, showing the quantities of sugar shipped to Europe and to the United States in 1881, 1882, 1883, 1884, and 1885, with bags and hogsheads, and the tonnage. An examination will show you this fact: That in 1885, from January to July, there were shipped to Europe 64,425 tons, and that to the United States there were shipped 630,795 tons; or, in round numbers, 62,000 tons to Europe, and 630,000 tons to the United States. That is for the sugar season of that one year. That is for that length of time. Now, I refer you to this paper [indicating] for the purpose of showing you that the United States is consuming almost the entire production of those islands.

Comparative statement of the exports and stocks of sugar of the Island of Cuba.

[Compiled from the most reliable private sources.]

SUGAR.

	1874.		1875.		1876.		1877.	
	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>
Total export January 1 to July 31	857, 068	615, 990	783, 934	663, 672	561, 152	595, 813	293, 187	490, 270
Less stocks at commencement of the year	30, 456	6, 245	40, 653	8, 047	29, 458	13, 998	32, 213	8, 128
	826, 612	609, 745	743, 281	655, 625	531, 694	581, 815	260, 974	482, 142
Home consumption (estimated)	180, 000	.....	160, 000	.....	160, 000	.....	150, 000	.....
Total stocks on hand July 31..	274, 632	28, 351	357, 473	53, 664	241, 208	28, 161	290, 184	79, 658
	1, 281, 244	638, 096	1, 260, 754	709, 289	932, 902	609, 976	701, 158	561, 800
Receipts from July 31 to end of year 1884 (estimated)	32, 786	26, 522	40, 683	13, 923	26, 275	12, 896	21, 193	26, 940
Total production	1, 314, 030	664, 618	1, 301, 437	723, 212	959, 177	622, 872	722, 351	588, 740
Equivalent in tons	666, 000		699, 000		572, 000		505, 553	
	1878.		1879.		1880.		1881.	
	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>
Total export January 1 to July 31	268, 444	499, 114	291, 109	781, 606	156, 986	588, 960	97, 664	564, 245
Less stocks at commencement of the year	56, 916	14, 053	38, 441	31, 120	23, 399	27, 656	25, 154	18, 425
	211, 528	485, 061	252, 668	750, 486	133, 587	561, 304	72, 510	545, 820
Home consumption (estimated)	150, 000	.....	150, 000	.....	150, 000	.....	150, 000	.....
Total stocks on hand July 31 ..	167, 663	135, 842	117, 906	96, 228	138, 961	131, 400	99, 859	92, 742
	529, 191	620, 903	520, 574	846, 714	422, 548	692, 704	322, 369	638, 562
Receipts from July 31 to end of year 1884 (estimated)	32, 102	57, 494	20, 223	51, 949	8, 652	30, 557	1, 953	17, 369
Total production	561, 293	678, 397	540, 797	898, 663	431, 200	723, 261	324, 322	655, 931
Equivalent in tons	530, 593		680, 700		547, 089		483, 945	
	1882.		1883.		1884.		1885.	
	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>	<i>Boxes.</i>	<i>Hhds.</i>
Total export January 1 to July 31	122, 468	629, 045	41, 577	548, 191	36, 537	622, 297	62, 396	712, 424
Less stocks at commencement of the year	20, 762	15, 927	18, 381	23, 615	11, 423	40, 297	45, 307	46, 412
	101, 706	613, 118	23, 196	524, 576	25, 114	582, 000	17, 089	666, 012
Home consumption (estimated)	150, 000	.....	150, 000	.....	175, 000	.....	175, 000	.....
Total stocks on hand July 31 ..	152, 867	186, 584	47, 728	133, 459	75, 187	159, 889	37, 337	170, 314
	404, 573	799, 702	220, 924	658, 035	275, 301	741, 889	229, 426	836, 326
Receipts from July 31 to end of year 1884 (estimated)	751	13, 137	2, 306	28, 050	4, 508	45, 540	5, 000	67, 187
Total production	405, 324	812, 839	223, 230	686, 085	279, 809	787, 429	234, 426	903, 513
Equivalent in tons	500, 357		484, 976		560, 934		627, 771	

Hogsheads include sacks at 300 pounds each ; previous to 1881, 260 pounds each.

Total stocks on hand, including new sugar.

	<i>Tons.</i>	<i>Tons,</i>
December 31, 1874.....	12, 500	December 31, 1880..... 16, 530
December 31, 1875.....	14, 150	December 31, 1881..... 14, 109
December 31, 1876.....	11, 000	December 31, 1882..... 18, 651
December 31, 1877.....	19, 200	December 31, 1883..... 28, 265
December 31, 1878.....	27, 209	December 31, 1884..... 38, 336
December 31, 1879.....	22, 200	

MOLASSES.

Total exports from above ports Jan. 1 to July 31.	1876.	1877.	1878.	1879.	1880.	1881.	1882.	1883.	1884.	1885.
To Europe .....hhds..	3, 009	519	672	592	104	47	344	.....	99	1, 251
To United States, &c..do ..	205, 198	143, 494	141, 555	192, 061	168, 221	145, 013	199, 996	156, 153	178, 202	190, 319
	208, 207	144, 013	142, 227	192, 653	168, 325	145, 060	200, 340	156, 153	178, 301	191, 570
Stock and estimated balance crops to Dec. 31 ... hhd..	17, 050	7, 000	20, 500	12, 455	7, 000	6, 650	749	10, 125	9, 542	10, 180
Total production..do...	225, 257	151, 013	162, 727	205, 108	175, 325	151, 710	201, 089	166, 278	187, 843	201, 750
Equivalent in tons....	159, 171	100, 675	109, 485	136, 739	116, 884	101, 140	134, 059	110, 852	125, 228	134, 500

A MEMBER. Does your paper show how much has been brought in sacks and how much in hogsheads?

Answer. No, sir; it does not show that.

Mr. BRECKINRIDGE, of Kentucky [examining the paper]. I see the amount in boxes and hogsheads, but I do not see anything about bags.

Answer. No; it is not divided that way. But if you will notice below you will see that the estimate of tonnage says it is 260 pounds to the box or bag.

Mr. BRECKINRIDGE, of Kentucky. I see what comes in bags as included with the hogsheads.

Answer. No; you are looking under the head of tons, probably.

Mr. BRECKINRIDGE, of Kentucky. It is reduced to hogsheads, is it?

Answer. Yes; it is reduced to hogsheads. Now, then, we have to pay for that quality of sugar. If the present state of things is to continue, then we are paying out for English and German bags, and we are paying English vessels the cost of shipping sugar. We are paying out the entire amount to foreign nations of the amount of the packages in which they are shipped and the cost of shipping here. Now, is it not a simple act of justice that we, the consumers, should also have the benefit of whatever is to be made in furnishing the packages in which it is to be placed, and the vessels in which it is to be transported?

The CHAIRMAN. And paying for them ourselves in addition to the sugar?

Answer. Yes, sir. This money is going to foreign nations now. If we furnish it it is coming here. I want to say that the position here is a little anomalous. Whether we are looking at this from a protective stand-point or as a matter of revenue, there can hardly be any objection. By reducing the tariff we are protecting a very large interest, and if we have more revenue than we need there can be no objection to that. I believe, gentlemen, this is all I have to say.

STATEMENT OF MR. JAMES B. SENER, OF FREDERICKSBURG, VA.

Mr. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I will not trouble you but a few moments, I assure you. Now, whereas, under the operation of this old tariff, we export from Cuba in favor of hogsheads as against bags, yet we two years ago manufactured and exported \$100,000 worth of poles and staves in one of the smallest towns in Virginia.

A MEMBER. What town was that?

Answer. It was Fredericksburg, Va. This town became very poor during the war and has been ever since; but then poverty is no crime.

The CHAIRMAN [laughing]. It depends on how you got poor. [Laughter.]

Answer. Well, we got poor during the war, but we have been forgiven, I suppose, on both sides. [General laughter.] Now, one gentleman here tells me he has shooks in Cuba that he would be very glad to sell at what it cost to get them there. I have no doubt that is true. Now, our fourteen mills are idle, and the four hundred men that we employed are idle too. That is the most eloquent appeal that can be made to you, gentlemen, it seems to me. I have nothing more to say than thank you.

Mr. MARTIN, of the delegation. Mr. Chairman and gentlemen of the committee, I want, on behalf of this delegation, to thank the chairman and the committee for the consideration and patience which you have shown us.

THE HAWAIIAN TREATY.

NEW YORK, February 16, 1886.

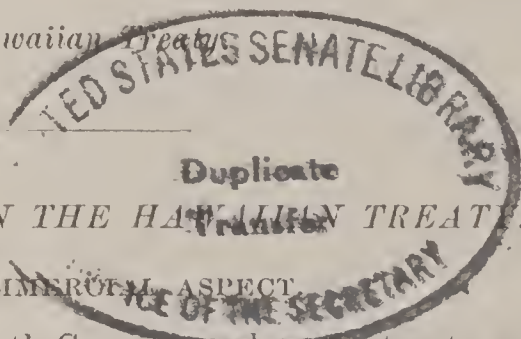
SIR: In response to your request for information concerning the workings of the reciprocity treaty with the Hawaiian Islands, I have the honor to submit the following paper, giving some of the facts ascertained in connection with my visit to the islands as commissioner, by appointment of the Secretary of the Treasury, and my deductions therefrom.

Yours, respectfully,

JNO. E. SEARLES, JR.

Hon. ROGER Q. MILLS,

Chairman of Subcommittee on Hawaiian Treaties



A FEW POINTS ON THE HAWAIIAN TREATY.

THE COMMERCIAL ASPECT.

In the first session of the Forty-fourth Congress, when the treaty was under discussion in the House of Representatives, it was steadfastly maintained by the advocates of the treaty that, commercially, it would prove beneficial to the United States, and the opinion of the Treasury Department was submitted, wherein it was stated that the estimated loss of revenue would be about \$370,000, and as the total production of the islands could not be largely increased, and would not under any circumstances exceed 25,000,000 pounds, that our increased exports would certainly offset this amount, and that we could afford the loss of revenue of \$500,000 or thereabouts, which the treaty would involve.

The opponents of the treaty, on the other hand, maintained that it would stimulate the sugar production until our imports would amount to not less than 50,000,000 pounds, and the loss in revenue would reach \$1,200,000. In the light of these conjectures let us examine the facts.

The importations of sugar and rice—the two principal articles produced in the Hawaiian Islands—for the five years prior to the treaty were as follows:

Years.	Sugar.	Value.	Rice.	Value.	Total imports.
	<i>Pounds.</i>		<i>Pounds.</i>		
1871	15, 018, 469	\$935, 909	599, 320	\$15, 657	\$1, 143, 244
1872	15, 357, 784	923, 441	1, 018, 196	35, 840	1, 280, 833
1873	15, 743, 146	934, 824	1, 697, 401	62, 574	1, 275, 061
1874	13, 575, 674	740, 786	1, 087, 785	40, 110	1, 016, 952
1875	17, 888, 000	938, 676	1, 588, 232	60, 131	1, 227, 191
1876	20, 978, 374	1, 051, 987	2, 074, 506	77, 576	1, 376, 681

It will be noticed that prior to 1875 the importation of sugar was quite uniform, averaging about 15,000,000 pounds per annum. In 1875, in anticipation of the treaty, the crop was increased, and imports reached nearly 18,000,000, and in 1876 nearly 21,000,000 pounds. In 1877 there was a large increase; 32,737,544 pounds of sugar, value \$2,233,534; 3,870,794 pounds of rice, value \$158,100; total value, \$2,550,335. It is only fair to state, however, that, according to the report of a Government commission in San Francisco, made in October, 1877, the importations of 1877 were not all the product of that year, but consisted in part of sugars *exported and reimported to avoid duty*. The report says: "It is within the knowledge of the commission that large quantities of sugars, the production of the year previous, were withheld from market in Hawaii, in anticipation of the passage of the act of August 15, 1876, which subsequently sought this market, and were entered duty free. There were also, at the date

of the passage of the act referred to, considerable quantities of Hawaiian sugar stored in bond at this port (San Francisco), which were subsequently re-exported to Honolulu in bond, and then returned here under the operation of the treaty without being charged with duty. For these reasons the importations of sugar for the year were considerably in excess of the actual product of the islands for the same period."

The production of 1878 was little more than in 1877, and expressed the limit of capacity for sugar manufacture with the labor and machinery existing prior to the treaty. The imports were:

Year.	Sugar.	Value.	Rice.	Value.	Total value.
	<i>Pounds.</i>		<i>Pounds.</i>		
1878	30,433,917	\$2,280,350	6,063,514	\$209,042	\$2,678,830

In the following year, with a largely increased acreage and new machinery, principally from *England and Scotland*, the crop was largely increased, and the official figures of the Treasury Department show the following:

Years.	Sugar.	Value.	Rice.	Value.	Total.
	<i>Pounds.</i>		<i>Pounds.</i>		
1879	41,696,674	\$2,807,675	5,553,676	\$270,781	\$3,257,938
1880	61,556,708	4,135,531	5,062,646	294,186	4,606,444
1881	76,907,247	4,927,021	6,984,406	389,017	5,553,000
1882	106,181,858	6,918,083	10,135,678	499,825	7,646,294
1883	114,132,670	7,340,032	12,926,951	610,324	8,029,835
1884	125,148,680	7,108,292	12,398,433	558,476	7,925,925
1885	169,652,783	8,198,144	8,291,360	404,477	8,611,675

Thus it will be seen that from an average of about 15,000,000 pounds prior to the treaty, our importations have risen to nearly 170,000,000 in 1885, and from a value of less than \$1,000,000 to more than \$8,000,000 in the single item of sugar; and in the article of rice the same proportions hold good, the increase being from 600,000 pounds in 1871 to 12,926,951 pounds in 1883. Nor is this the end, for the crop of 1886 will be still larger than last year, and according to Hawaiian estimates will amount to 100,000 tons or 200,000,000 pounds, in value not less than \$11,000,000. It is true that our exports to the islands have increased under the treaty, but in no such ratio as our imports.

The official figures show, as our total exports of merchandise, as follows:

Years.	Value.	Years.	Value.	Years.	Value.
1871	\$814,885	1876	\$724,267	1881	\$2,694,583
1872	590,295	1877	1,109,429	1882	3,272,172
1873	631,103	1878	1,683,446	1883	3,683,460
1874	588,280	1879	2,288,178	1884	3,446,024
1875	621,974	1880	1,985,506	1885	2,709,573

These figures show clearly that the maximum of our *exports* was reached in 1883, since when they have declined 25 per cent.; while our imports have been, and are still, steadily advancing at an enormous rate. But while we contemplate this growth in our export business we must also consider its cost, which is in part represented by the amount of duty remitted on the articles admitted free of duty under the treaty, and these, according to the official figures of the Department, amounted as follows:

Years.	Amount.
1877	\$1,064,225
1878	1,029,854
1879	1,387,380
1880	2,009,060
1881	2,604,776
1882	3,529,293
1883	3,881,792
1884	*3,356,624
1885	3,935,081

* Duty reduced.

Making a total of duties remitted during the nine years of \$22,808,085, while the *total value* of our domestic exports for the same period was only \$22,872,371, or, in other words, if we had made the islands a present of every dollar's worth of goods they have bought in this country and collected duty on their sugars, we should have made no loss. In the year 1885 the amount of duty remitted was \$1,225,508 *more* than the *total value* of our exports, and this amount will be increased in 1886, according to their own estimates of the crop, so that we shall give them \$2,000,000, beside presenting them with all they buy in this country.

The very rapid and enormous increase in the imports and the exceptionally high grades of the sugars imported from the islands created a general impression in Congress and throughout the country that under color of the treaty sugars were imported from the Hawaiian islands into ports of the United States which were not entitled to exemption from duty thereunder, and in May, 1883, the Secretary of the Treasury appointed a commission to investigate these charges; and their report, bearing date August 29, 1883, is in print, from which I quote. They say:

"We found the charges above referred to to consist mainly of two:

"First. That the class of sugars imported since the treaty went into effect *differs* from that contemplated in the language of the treaty itself and from the importations from the Hawaiian islands prior to said treaty; that, in fact, the process of manufacture in the islands had been radically changed, vacuum-pans and centrifugals having been substituted for the open kettles and ordinary methods of purging muscovado sugars.

"Second. That sugars from other countries were imported into the Sandwich Islands, and fraudulently exported to the United States as Hawaiian sugars."

A very thorough investigation was made of both these matters. With respect to the first charge the commission report that the class of sugars imported *differs entirely* from that contemplated in *the language of the treaty*, but is not different from that imported prior to the treaty. Note the language of the treaty: "muscovado, brown, and all other unrefined sugar," which means, distinctly, sugars of the lower grades, boiled in the open train, as was the almost universal custom of our sugar makers in Louisiana and Texas at the time the treaty was made. But in the absence of knowledge on the part of Congress as to the facts, by the adroit insertion of the words "meaning hereby the grades of sugar heretofore commonly imported from the Hawaiian Islands, and now known in the markets of San Francisco and Portland as 'Sandwich Island sugar,'" the treaty secured the introduction into the United States free of duty of semi-refined sugars, a thing never contemplated by Congress for a moment, as is evident by the debate in both the Senate and the House, where they are invariably described as *low grade* sugars.

Referring to a memorial of Eastern sugar merchants on this subject sent to the Secretary of the Treasury, and by him transmitted to the commission, the report says:

"They rested their charges upon the language of the treaty itself, claiming 'that it provides only for the admission of muscovado, brown, and unrefined sugars, whereas no muscovado sugars have been imported under the treaty, while large quantities have been received of what are known commercially as semi-refined sugars, such as are, by reason of their color, fit for consumption without refining.'" They further claimed that "No. 13, Dutch standard, is the clearly established dividing line between raw or unrefined and refined sugar, and that this principle was recognized by Congress in its recent legislation on the sugar tariff." In the absence of any knowledge of Sandwich Islands sugars in the Eastern markets, the refiners and merchants were doubtless justified in the inference that the term "muscovado" was introduced because the islands produced drained sugars of this character. The non-importation under the treaty of this class of sugar naturally led to the belief that the process of manufacture had undergone a change; the fact is, however, *no muscovado sugar had been made in the islands for more than twenty years* prior to the treaty. Centrifugals were manufactured and introduced in the islands as early as 1850 or 1851, and have been in use exclusively for purging sugars since that date. Vacuum pans were also generally used as early as 1865, and in 1870 but few planters boiled their sugar in the open train: In 1875 there was but one or possibly two mills which retained the open train, and every mill started since that date has been equipped with vacuum-pans and centrifugals. The process of sugar making is, therefore, unquestionably the same as prior to the treaty, and accounts for the fact previously ascertained, that the quality of the sugars was substantially the same before as since the treaty. Why the term "muscovado" was used we are not informed. It certainly *had no place in the treaty*, and has tended *to mislead since* if not at the time of its adoption."

With reference to the second charge that "sugars from other countries were imported into the Sandwich Islands, and fraudulently exported to the United States as Hawaiian sugars," the report says:

"The allegation seems to have no other foundation than the fact that there has been a large increase in the quantity of sugars sent to the United States since the treaty; but this increase can be otherwise accounted for. It is the legitimate result of the treaty itself. Immediately on the consummation of the treaty, which transferred the

duty of \$50 or \$60 per ton from the United States Treasury into the pockets of the planters, a great impetus was given to the sugar industry of the islands. The acreage of old plantations was at once increased, and new plantations started. From statistics obtained in the islands it appears that three new plantations went into operation in 1875, five in 1876, eight in 1877, nine in 1878, eight in 1879, four in 1880, and one in 1882, bringing into cultivation over 20,000 acres of land additional, with a new capital investment of about \$10,000,000."

Certainly there was no need to resort to fraud to increase their output of sugar, when the inducement to raise it themselves was \$50 to \$60 per ton—the *largest bounty enjoyed by any sugar-producing country on the globe*, and that, too, in a country where the climate and soil are exceptionally favorable, the yield being, according to this report, from 2 to 5½ tons per acre, which exceeds the best yield in Cuba, and is from three to eight times what our Louisiana planters get. (In 1885 the yield of Louisiana cane was from 1,475 to 2,215 pounds per acre, the latter figure only where vacuum-pans were used.)

The value of the bounty paid the Hawaiian sugar-growers is further illustrated by the fact that they find it to their advantage to sell all their own product to the United States and buy in this country the sugar they consume. The report of the commission says:

"It came to our notice during the investigation that American refined sugar consumed in the islands is manufactured of duty-paid raw sugar and is exported from San Francisco to Honolulu with benefit of drawback. Thus under the operation of the treaty and existing laws, the United States not only allows the Hawaiians the full amount of duty on the sugars they produce, but also on the American refined sugar they consume, such sugar being sold in Honolulu cheaper than in San Francisco."

It has been claimed repeatedly that the islands were practically American, and that whatever advantages were realized were for the benefit of American citizens resident in the islands or United States; but this is flatly denied by the commissioners, who say on this point:

"The statement which has been frequently made that the greater proportion of the sugar-planters are American citizens we found to be without foundation. Careful inquiry on this point regarding each of the estates on the islands shows that, aside from the Hawaiian Commercial and Sugar Company (a company organized in San Francisco), less than one-fourth of the owners of sugar estates and persons engaged in the sugar business are citizens of the United States. With a few exceptions, the business is in the hands of German and English citizens or Hawaiians. Among the latter are some who were born in the United States and have renounced allegiance to our Government, or who, born in the islands of American parentage, claim Hawaiian citizenship."

An English journal in a recent article makes a still stronger statement concerning the preponderance of the Germans in the islands. It says: "The Teutonic population in the Sandwich Islands exceeds 1,600. At Honolulu alone there are more than one hundred and twenty German merchants, and seventy-two out of the eighty-two sugar plantations are in German hands." The facts are that since the treaty American influence in the islands has not increased, but has steadily decreased. No considerable number of Americans have gone there, and aside from the operations of Sir Claus Spreckels, the California sugar king, no great amount of American capital has been invested in the islands. Sugar planting requires large capital, and American capitalists have found abundant opportunity for use of capital at home, while our laboring classes found no temptation in the competition with coolies and Portuguese. Meantime foreigners, especially Germans and English, have been quick to see the immense benefits under the treaty for their surplus capital, and these two nationalities alone number to-day *one-half more* than the entire American population. The report of the commission says:

"The laborers on the sugar plantation are native Hawaiians, Portuguese, Chinese, Germans, and Norwegians, with a few of the natives of the South Sea Islands and New Hebrides, and are generally esteemed in the order named. There having been no restriction upon the importation of the Chinese, the number of these who have come to the islands is greater than all other nationalities combined. The Planter's Monthly, a magazine largely devoted to the consideration of the labor question in the islands, estimates the Chinese population in June, 1883, at 20,000. These are nearly all adult males, and outnumber the native population of the same class."

Since the report was made there have been still further importations of the Chinese, beside which about ten thousand Portuguese in all have been imported, and during 1885, under a treaty between King Kalakana and the Emperor of Japan, between two and three thousand Japanese laborers have been added. The benefit of the duty remitted on rice goes almost entirely to the Chinese, who, either by purchase or lease of lands have secured control of the rice cultivation.

Another fact is of interest in this connection; while it is true that the islanders have increased their imports from this country to a considerable extent, their imports

from other countries, with whom they have no treaties, have increased in very nearly the same proportion. The tables furnished in the report show that, while *prior* to the treaty the islands bought from us *sixty-one* per cent. of all their imports, the amount under the treaty has been only 70 per cent., an increase of *but nine per cent.* in the products of this country, while, says the report, "statistics furnished by the agents in Honolulu show that the greater part of the sugar machinery purchased for the islands since the treaty has not come from the United States, but from England and Scotland, or was manufactured in Honolulu." That is to say: England furnishes the machinery and Germany the capital, and we take their total product of sugar at a bounty to the English and German owners of \$60 per ton; meanwhile they buy from us whatever they can buy in this country cheaper than elsewhere.

THE EFFECT ON THE ISLANDS.

What has been the effect upon the government and people of the islands? Has there been, as the result of this immense outlay upon these islands in the Pacific, 2,000 miles from our coast, any compensation in the increased influence of this Government or the improved condition of the native population which in any degree warrants the expenditure? I believe the treaty has been a curse to the Hawaiian Islands as it has been a wanton waste of the money of the American people. Prior to the passage of the treaty the American missionary influence was dominant. It controlled the legislature and cabinet, and was respected by the people. Americans outnumbered the English, German, and French combined, and the United States was regarded as the paternal Government. Prohibitory liquor laws were enforced and drunkenness was comparatively unknown, while the natives were contented and happy. But the fruit of the treaty has been the reversal of all these conditions, and has utterly demoralized and debauched the native population. The advent of the Chinese, who landed in hordes without wife or child, without social or moral check, and without any perception of either moral or social obligations other than those imposed by the law of the land, soon commenced to bear fruit. The Chinese are the stronger race and very aggressive, and while they debauch the native women they are rapidly crowding out the race. Their introduction seems to have aggravated the diseases which are common to the natives, and, backed by vital decline, the leprosy is proving increasingly fatal, and within the past few months this fearful scourge, heretofore confined to the natives, has attacked some of the white population in Honolulu. This terrible disease promises to sweep away all but a moiety of the native population before the close of the present century, the decrease since the last census—six years—being over four thousand. The Chinese are armed and have their secret societies, into which the government has been unable to penetrate, and are under sworn obligations to maintain rates or figures established by their societies. On this point the Hawaiian Annual, one of the most reliable authorities, said: "To secure sufficient to break such a monopoly would be to endanger our commercial relations and lose our autonomy. It is to be hoped that wise statesmanship will solve the difficulties of this Chinese question, which is rapidly assuming alarming proportions."

Under the inspiration of the other nationalities who, while quite ready to profit by the treaty, are steadily undermining what there is of Americanism in the islands, the natives, who do the voting, have become jealous of the presence of Americans in the legislature and cabinet, and these places have been more largely filled by natives, the effect of which has been disastrous to good government. The King has wielded his influence to the same end, and assisted in procuring the removal of Americans in favor of others whom he might better use for the consummation of his own plans. On this point the Annual, of 1883, says:

"The latter part of last and early part of the present year was occupied by certain parties in obtaining the election of representatives to the legislature, who would prove pliant tools for the promotion of selfish objects that had no 'good of the public' embodied therein in any degree. The events of the previous election were repeated with even greater flagrancy, not only in Honolulu, but in many other districts. It is a matter of common regret that the candidates on the 'King's tickets' have been men notoriously wanting in principle to legislate for their country's good, but who have, instead, evinced a readiness to favor lavish expenditures and enact laws that are fraught with mischief and evil for Hawaii, especially sapping the life-chords of her strong young men, and undermining the efforts made for their sanitary improvement, as also aiming a blow at the bulwark of national pride and strength heretofore existing in her judiciary department. In no year has so much determined evil been accomplished by any Hawaiian legislature as in the present. From the methods employed to secure the coveted positions and the character of the majority of those elected, a troublesome session was naturally looked for, and soon after the opening of the legislature, the ministry seeing the element they had to contend with, resigned

their portfolios. Their places were filled by others with W. M. Gibson as premier, who boasted that they could control and lead the assembly. Since their acts have become history this vaunt brings no laurels to them, inasmuch as incompetency stamps itself on the few acts yet undertaken, the principal ones of the premier's boast being board of health and immigration matters, while the removal of liquor restrictions from Hawaiians, the two million loan and coronation folly, evince the character of statesmanship displayed. The spirit of opposition that has been engendered by this policy of the administration has been dignified and persistent, while the mouth-piece of the self-styled 'palace party' has openly defended the King's interference in the politics of the country."

A year later, in 1884, the situation had not improved, as will be seen by the following extracts from the Annual of that year:

"Leprosy, that plague spot of Hawaii's fair name and fame, has been and is yet being trifled with for political ends in spite of public opinion and the condemnation of the press. The health of the native race is being sadly undermined through the removal last year of the restriction to them, on liquor. Their constitutions are no more proof against the inroads of disease hastened by alcoholic drinks than their white brethren of older civilized lands. A recently published table for the past nine months showed that over 32,000 gallons of liquors had been taken out of bond for consumption over the same period the preceding year. The debauching habit is growing fast on them, while poverty, crime, and sickness are growing at a ratio that portends an alarming increase in the death rate of Hawaiians. The condition of affairs political have in nowise improved. The utter disregard of the will of the people in the administration of government, as shown in last year's retrospect, still exists, and has been shown on several occasions during the year in a very defiant manner. Moneys have been spent recklessly on appropriations pertaining directly and indirectly to royalty, while other and needed improvements for the development of the country and the care of the sick have been deferred for want of funds. The coronation of the king and queen took place February 12 the anniversary of Kalakaua's election. This was followed by a period of nightly hula festivities that was a retrograde step of heathenism and a disgrace to the age. The balance in the treasury, February 20, with the taxes all in, was \$35,917.05 as against a balance February 18 of the preceding year \$270,130.88. And while these and kindred affairs have revealed the evidences of internal mismanagement of the Government, it is to be regretted that a foreign policy should be adopted that but brings Hawaii into ridicule before the world. Under the pretense of inquiring into the feasibility of obtaining immigrants from Japan a commissioner and secretary was sent thither who wasted time and money, and brought back not a report, but a Japanese commission to attend the coronation. Shortly after this event transpired another commissioner and secretary was delegated to represent Hawaii at the coronation of the Czar of Russia, after which a roving commission is indulged in to various countries, for what purpose the dear public, who are expected to foot the bills, are not advised."

Thus it will be seen there has been an actual decadence of American influence, and the development in the islands of a new order of things, under the scramble for the benefits of the treaty.

The social conditions, together with the lack of political intelligence and integrity of the natives, give no confidence in the stability of the present Government, and the temporary prosperity which the treaty brings to the islands is fostering interests which are hostile to American supremacy, tending rather to promote an Asiatic nationality. The better class of Americans in the islands, not interested in sugar estates, saw this in advance and deplored the passage of the treaty, and such are now the changed conditions of society that no American will live there longer than his financial interests bind him.

So much for the effects of the treaty on the Hawaiian Islands. On the other hand,

WHAT HAS THE TREATY DONE FOR US?

Have the people of this country profited in the cheapening of their sugar by the remission of \$23,000,000 in duties?

Prior to the reduction in duty made by the tariff of 1884, the average rate paid on raw sugars imported on the Atlantic seaboard was about 2.40 cents per pound, but the sugars admitted from the Hawaiian Islands, as has been stated before, were and are of a higher grade than on this coast, and the average duty would, according to the report of the commission, have been 3.17 cents per pound, and if as claimed by the friends of the treaty, the consumers of this country were to have the benefit, sugars should have been fully 3 cents per pound cheaper in San Francisco than in New York. What are the facts? The price of refined sugar in San Francisco since the treaty went into effect has averaged *over 2 cents a pound higher* than in New York, where every pound has paid the full duty.

The following table shows the comparative prices of standard granulated sugar from 1872 to 1885, inclusive:

Average prices standard granulated sugar in New York and San Francisco.

Years.	New York.	San Francisco.	Difference.
	<i>Cts. per lb.</i>	<i>Cts. per lb.</i>	
1872	12.48	12.30	
1873	11.02	10.91	
1874	10.38	10.96	
1875	10.60	11.67	
1876	10.69	12	1.31
1877	10.89	12.69	2.30
1878	9.22	11.44	2.22
1879	8.61	10.58	1.97
1880	9.55	11.40	1.85
1881	9.68	12.25	2.57
1882	9.27	11.62	2.35
1883	8.65	11	2.35
1884	6.77	8.87	2.10
1885	6.55	7.34	.79

Prior to the treaty a considerable proportion of the Sandwich Islands sugars of the better grades went into direct consumption, and a direct business was done in these sugars by merchants, not only in San Francisco, but in Portland, Oreg.; but under the treaty this business has disappeared, and with it an important commerce. The commissioners report as follows:

"It is worthy of notice that for the fiscal year ending June 30, 1883, there have been no importations at Portland of Sandwich Islands sugar. It appeared from the statements of merchants in Portland that the direct trade between Portland and the islands, which before the treaty had supported regular lines of vessels, taking on assorted cargoes of merchandise and bringing back cargoes of sugar (which was sold for direct consumption without refining), has been broken up, the business being entirely controlled by the San Francisco refinery. Such vessels, being thus left without return freights, have been withdrawn, and direct shipments of American goods from Portland have been discontinued."

This may readily be accounted for by the fact that no sooner was the treaty ratified than the California sugar king, Clans Spreckels, started for the islands, where he secured the control of the entire sugar crop, and later, by skillful manipulation and loans made to His Majesty to enable him to carry out his extravagant notions, he secured possession of large tracts of so-called Crown lands, which he turned into sugar estates. His Majesty, King Kalakana, evidenced his affection for him by knighting him, and Sir Clans Spreckels has ever since been the power behind the throne, which is not, however, by any means synonymous with "American" interests, but simply means the promotion of his own financial schemes. For seven years he was the dictator, not only of King and Government, but of all the planters. The latter, however, during the past year rebelled against his autocracy, and are seeking to break his commercial, if not political, power. They have secured the possession of a small refinery in San Francisco, which they hope to operate successfully in connection with their sugar estates in the islands, but Sir Clans has determined upon their destruction, and this explains the unprecedentedly low prices now ruling in San Francisco—*only about one cent above New York figures.*

When the new refinery started, prices were lowered by Spreckels 2 cents per pound. When, in October last, the new refinery ran short of raw sugar the price of refined was again advanced by Spreckels 2 cents per pound in a single day, and so maintained until the opposition were again supplied, the profit to Spreckels by this single transaction being, according to newspaper report, about \$1,000,000. There can be no possible doubt as to the result of this venture. Mr. Spreckels will either ruin the new enterprise by his financial strength or force them into a combination to maintain prices previously ruling. But while Sir Clans Spreckels has been reaping so rich a harvest other sugar interests in this country have been adversely affected.

By reference to the debate in the Forty-fourth Congress, when this treaty was accepted, it will be seen that the advocates of the treaty counted as absurd the suggestions that it would grow to such proportions as ultimately to compete with our own sugar-producing interests and the importing and refining business of the Eastern States. Let us see what light statistics give on this point:

As early as 1881 the imports of Sandwich Islands sugars had already exceeded the total consumption of the Pacific States, and in that year about 6,000,000 pounds were

shipped East by Spreckels's refinery. This amount was increased in 1882 to 32,000,000 pounds, and the same in 1883. In 1884 it increased still further, to 56,000,000 pounds, and in 1885 to nearly 59,000,000 pounds, or more than 29,000 tons; and every pound of this duty-free sugar, manipulated by Sir Claus Spreckels, came into direct competition with the home-grown sugar of Louisiana and Texas, and the duty-paying sugar of the Saint Louis and Eastern sugar refineries. In other words, our Government, which refuses a landing in this country to the Chinese, has, from its Treasury, developed an Asiatic colony in the Sandwich Islands, and brought coolie labor into direct competition with the free labor of the United States and the free colonies from which sugars are imported into the Eastern States.

THE TREATY SHOULD BE ABOLISHED.

First. Because of the enormous loss in revenue to this country, which is practically paid out of the pockets of our tax-payers to fill the pockets of a small company of sugar planters and speculators. The production has assumed proportions never dreamed of when the treaty was made, and the crop is still steadily increasing.

Second. It has not, either directly or indirectly, benefited the consumers of sugar in this country, but has brought the product of the islands into direct competition with our sugar producers and manufacturers.

Third. The treaty has not benefited, but has, on the contrary, injured the Sandwich Islands, demoralizing and destroying the native population, and substituting Chinese and other Asiatics, while American influence in the affairs of the islands, except in so far as it is exercised for the selfish interests of an individual, has been weakened.

Respectfully submitted.

JNO. E. SEARLES, JR.

Herewith please find copy of the full report of the commission to the Secretary of the Treasury, containing statistics, &c.

REPORT OF COMMISSION APPOINTED BY THE SECRETARY OF THE
TREASURY TO INVESTIGATE ALLEGED FRAUDS UNDER THE HA-
WAIIAN RECIPROCITY TREATY.

WASHINGTON, D. C., August 29, 1883.

SIR: The undersigned, appointed by you a Commission to investigate certain charges "made in Congress and in the public prints that, under color of the treaty between the United States and the Sandwich Islands, June 3, 1875, sugars have been imported from those islands into ports of the United States which were not entitled to exemption from duty thereunder," respectfully submit the following report:

Upon receipt of your instructions, dated May 10, 1883, we proceeded directly to San Francisco, and commenced the investigation in that city.

Upon examination of the report of the Committee on Foreign Affairs of the House of Representatives, dated January 16, 1883, and the "views of the minority" accompanying the same, dated January 29, 1883, together with "notes of hearings before said committee on the bill (H. R. 2924) to terminate the convention or treaty of June 3, 1875, with His Majesty the King of the Hawaiian Islands," and also the report on the same subject from the Committee on Finance of the Senate, dated February 27, 1883, we found the charges above referred to, to consist mainly of two—

First. That the class of sugars imported since the treaty went into effect differs from that contemplated in the language of the treaty itself and from the importations from the Hawaiian Islands prior to said treaty: that, in fact, the process of manufacture in the islands had radically changed, vacuum-pans and centrifugals having been substituted for the open kettles and ordinary methods of purging muscovado sugars.

Second. That sugars from other countries were imported into the Sandwich Islands and fraudulently exported to the United States as Hawaiian sugars.

The treaty went into effect September 9, 1876, and is to remain in force for seven years from that date, "and further, until the expiration of twelve months after either of the high contracting parties shall give notice to the other of its wish to terminate the same."

It provides for the admission free of duty into the United States, among other articles grown and manufactured in the Hawaiian Islands, of "rice, * * * muscovado, brown, and all other unrefined sugar, meaning hereby the grades of sugar heretofore commonly imported from the Hawaiian Islands and now known in the markets of San Francisco and Portland as 'Sandwich Island sugar;' sirups of sugar-cane, melado, and molasses."

In the absence of samples of the sugars imported prior to the treaty, none of which appear to have been preserved, it was evident that the answer to so much of the first charge as relates to the class of sugars admitted was to be found mainly in the records of the custom-houses of San Francisco and Portland, and only to be ascertained by a careful comparison of the classifications of sugars imported from the islands during the years immediately preceding the treaty, with those subsequently imported.

Inasmuch as the statistics of sugars imported from the islands heretofore made up and reported were based upon estimated classifications, and not upon the appraiser's returns, the collectors of those ports, at our request, caused statements to be prepared from the invoices of each importation, showing the classification according to the appraiser's report and the number of pounds of each grade, from July 1, 1873, to June 30, 1883, inclusive.

The work of compiling these statistics was done under our supervision, and we are satisfied that they furnish a true exhibit of the classifications.

From these statements we have made up the accompanying table (marked A), which shows the quantity of each grade, the percentage of each for the several years, and the total quantity for the three years prior to, and the seven years since, the treaty, with the average percentage of each grade for the same periods. A second table (marked B) shows the total invoice values of sugars imported each year, and the average value per pound prior to and since the treaty, together with the average and total amount of duties remitted thereunder.

These figures show a remarkable increase in the percentage of the lower grades imported into San Francisco from July 1, 1875, to September 9, 1876—while the treaty was pending—as compared with previous and subsequent years. During that period the proportion of sugars below No. 10, Dutch standard, was 62.53 per cent., against an average of the same grades of 15.28 per cent. in the fiscal years of 1874 and 1875, and an average of 14.52 per cent. from January 1, 1877, to June 30, 1883.

It appears that up to 1875 most of the better grades of Sandwich Island sugars were sold in the markets of the Pacific coast directly for consumption. Early in that year the San Francisco refiners made contracts to purchase the greater part of the crop of the islands, and arranged with the planters to make as large a proportion as possible dark in color, to meet the then-existing tariff. After the treaty was promulgated, the proportions of the several grades became about the same as before said arrangement was entered into. With this exception, it does not appear that there is any substantial difference in the character of the sugars imported prior to and since the treaty, nor is there any evidence that the importations under the treaty were not such sugars as were "commonly imported and known as Sandwich Island sugars" prior to 1876.

Information obtained from a large number of merchants and customs officials in San Francisco and Portland familiar with the subject was also to the effect that no material change had taken place in the character of the sugars imported.

It is worthy of notice that for the fiscal year ending June 30, 1883, there have been no importations at Portland of Sandwich Island sugar. It appeared from the statements of merchants in Portland, that the direct trade between Portland and the islands, which before the treaty had supported regular lines of vessels, taking out assorted cargoes of merchandise and bringing back cargoes of sugar (which was sold for direct consumption without refining), has been broken up, the business being entirely controlled by the San Francisco refinery. Such vessels, being thus left without return freights, have been withdrawn, and direct shipments of American goods from Portland have been discontinued.

As the remaining charges could only be investigated satisfactorily in the islands, in accordance with telegraphic instructions, we proceeded to Honolulu, where we arrived on the 17th of June. A delay of a week in the sailing of the steamer shortened our stay in the islands to fifteen days, during which, however, we visited a large number of the sugar estates in the three islands of Hawaii, Maui, and Kauai, and obtained, by actual inspection of the various mills, full information as to the character of the machinery in use, and, from the managers of the plantations, details as to the average yield of cane, possible increase of production, &c. We also saw the process of manufacture and the character of the sugar made, taking samples of the various grades. From data thus secured, which were also confirmed and completed by statements made by the agents in Honolulu of the various estates, we ascertained the following facts:

No *muscovado* sugar has been made in the islands for more than twenty years prior to the treaty. Centrifugals were manufactured and introduced in the islands as early as 1850 or 1851, and have been in use exclusively for purging sugars ever since that date. Vacuum-pans were also generally used as early as 1865, and in 1870 but few planters boiled their sugars in the open train. In 1875 there was but one, or possibly two, mills which retained the open train, and every mill started since that date has been equipped with vacuum-pans and centrifugals. The process of sugar-making is, therefore, unquestionably the same as prior to the treaty, and accounts for the fact,

previously ascertained, that the quality of the sugars was substantially the same before as since the treaty.

The second charge made is, that sugars are imported from the East Indies and China into the Sandwich Islands, and thence reshipped to the United States as of Hawaiian growth and manufacture. This subject has been fully discussed by the American minister and United States consul at Honolulu, in reports of recent date, to which attention is called. After a thorough examination of the matter, we are convinced of the utter impracticability of such operations. The formation of the islands is such as in itself to forbid the successful smuggling of sugar. There is but one port in the kingdom where a vessel can lie with safety, viz, Honolulu. All the others are open roadsteads, at which landings must be made in boats, and at some of them this is attended with no little risk, even at the most favorable season. The landing of sugar at either of these ports in boats through the surf would be a tedious operation, and, from the nature of the coast, must be conducted by daylight. In a state of society such as exists on the islands, where every new arrival or unusual event attracts universal attention, the presence of a sugar-laden vessel and the landing of her cargo would of necessity involve such publicity as to preclude the possible success of the venture, to say nothing of the necessary after-handling and reshipment to the United States. This could only be accomplished by collusion between the shippers and the United States and Hawaiian officials, of which there is no evidence nor ground for suspicion.

It is a significant fact, that while vague charges of frauds of this nature are made, no specific case has ever been brought to the knowledge of either Government. The allegation seems to have no other foundation than the fact that there has been a large increase in the quantity of sugars sent to the United States since the treaty; but this increase can be otherwise accounted for. It is the legitimate result of the treaty itself.

The total imports of sugar from the Hawaiian Islands for the fiscal year ending June 30, 1875, according to table herewith, were 17,063,133 pounds, and from that date to September 9, 1876, when the treaty went into effect, 21,414,074 pounds. The quantity imported during the fiscal year ending June 30, 1883, was 115,325,077 pounds.

Immediately on the consummation of the treaty, which transferred the duty of \$50 or \$60 per ton from the United States Treasury into the pockets of the planters, a great impetus was given to the sugar industry of the islands. The acreage of old plantations was at once increased and new plantations started. From statistics obtained in the islands, it appears that three new plantations went into operation in 1875, five in 1876, eight in 1877, nine in 1878, eight in 1879, four in 1880, and one in 1882, bringing into cultivation over 20,000 acres of land additional, with a new capital investment of about \$10,000,000.

The total yield of the several estates since the treaty corresponds with and accounts for the importations into the United States, as shown by the accompanying tables.

Among the papers referred to us, in connection with the charges before named, was a memorial of the Eastern sugar refiners and merchants. A hearing was given to the representatives of the refiners of New York, Boston, and Philadelphia upon the allegations contained in said memorial. They presented no testimony, but rested their charges upon the language of the treaty itself, claiming "that it provides only for the admission of muscovado, brown, and unrefined sugars, whereas no muscovado sugars have been imported under the treaty, while large quantities have been received of what are known commercially as 'semi-refined' sugars, such as are, by reason of their color, fit for consumption without refining." They further claimed that "No. 13, Dutch standard, is the clearly-established dividing line between raw or unrefined and refined sugar, and that this principle was recognized by Congress in its recent legislation on the sugar tariff." In the absence of any knowledge of Sandwich Island sugars in the Eastern markets, the refiners and merchants were doubtless justified in the inference that the term "muscovado" was introduced because the islands produced drained sugars of this character. The non-importation under the treaty of this class of sugar naturally led to the belief that the process of manufacture had undergone a change. The fact is, however, as before stated, that for twenty years or more prior to the treaty no muscovado sugar had been made in the islands. Why the term "muscovado" was used we are not informed. It certainly had no place in the treaty, and has tended to mislead since, if not at the time of its adoption.

We took occasion while in the islands to procure from official sources accurate statistics and information on some minor points relating to the workings of the treaty, which have formed part of the discussion of these charges of fraud, and which appeared to us relevant to the subject under investigation.

One of the prominent points in this discussion has reference to the prospective large increase in the sugar production of the islands. There is, unquestionably, a large amount of arable land fit for sugar cultivation; but as, except upon the island of Hawaii, the planters depend largely upon irrigation, the extent of the water supply fixes the limit of cultivation, which for this reason, it is estimated, cannot be in-

creased beyond 30 to 40 per cent. The yield per acre varies greatly, and is, also, largely controlled by the water supply. Some estates produced the past year $5\frac{1}{2}$ tons per acre, while others yielded but 2 to $2\frac{1}{2}$ tons, the average being probably less than 3 tons. It should be understood that it requires an average of eighteen months for cane to mature in the islands, and that not more than two-thirds of the acreage cultivated is cut in any one year. We are convinced that the output of all the islands, under the most favorable circumstances (unless by a better system of cultivation), would not exceed 100,000 tons of sugar per annum.

The rapid increase of sugar production created a corresponding demand for labor, which could only be met by drawing upon other countries. The laborers on the sugar plantations are native Hawaiians, Portuguese, Chinese, Germans, and Norwegians, with a few of the natives of the South Sea Islands and New Hebrides, and are generally esteemed in the order named. There having been no restriction upon the importation of the Chinese, the number of these who have come to the islands is greater than all other nationalities combined. The Planters' Monthly, a magazine largely devoted to the consideration of the labor question in the islands, estimates the Chinese population in June, 1883, at 20,000. These are nearly all adult males, and outnumber the native population of the same class. We failed to find, however, any ground for the charges of ill-treatment of the laborers. Many of them, it is true, are imported under contracts running three or five years, but these contracts are fair to the laborer (see forms of contracts herewith, marked G), and are impartially enforced by the courts if violated. Official investigation of the condition and treatment of the laborers has been made by the German and Portuguese Governments, with the finding that the laborer is well cared for and the contracts respected by the planters. It is certainly true that the laborers as a class are contented, and either renew their contracts or engage in day labor, with an assurance of steady employment, good treatment, and pay averaging from \$22 to \$26 per month of twenty-six days of ten hours each.

Statistics furnished by the agents in Honolulu show that the greater part of the sugar machinery purchased for the islands since the treaty has not come from the United States, but from England and Scotland, or was manufactured in Honolulu.

The statement which has been frequently made that the greater proportion of the sugar-planters are American citizens we found to be without foundation. Careful inquiry on this point regarding each of the estates on the islands shows that, aside from the Hawaiian Commercial and Sugar Company (a company organized in San Francisco), less than one-fourth of the owners of sugar estates and persons engaged in the sugar business are citizens of the United States. With a few exceptions, the business is in the hands of German and English citizens or Hawaiians. Among the latter are some who were born in the United States and have renounced allegiance to our Government, or who, born in the islands of American parentage, claim Hawaiian citizenship.

Conflicting statements having been made as to the relative values of imports into the islands from the United States and other countries, we append a table (marked F) compiled from the Hawaiian official records, showing the values of such imports for the years 1874 to 1882, inclusive, and the percentage of same from the United States.

It came to our notice during the investigation that American refined sugar consumed in the islands is manufactured of duty-paid raw sugar, and is exported from San Francisco to Honolulu with benefit of drawback. Thus, under the operation of the treaty and existing laws, the United States not only allows the Hawaiians the full amount of duty on the sugars they produce, but also on the American refined sugar they consume, such sugar being sold in Honolulu cheaper than in San Francisco.

The rice culture in the islands has been stimulated by the treaty even more than that of sugar. According to the Hawaiian official statistics (see Table C), the total exports of rice to the United States in 1873 were 892,720 pounds; in 1874, 885,646 pounds; and in 1875, 1,461,835 pounds. The admission of this staple into the United States free of duty has resulted in the increase of its production until, in 1882, according to the Hawaiian figures for the calendar year, there was exported to the United States 12,135,074 pounds, being the entire exports of rice from the islands, except 34,401 pounds, which went to other countries. The benefit of the duty remitted on rice goes almost entirely to the Chinese, who, either by purchase or lease of lands, have secured control of the rice cultivation.

It is charged that the treaty has created a sugar monopoly on the Pacific coast and increased the price to the consumer, but we did not find this statement warranted by the facts. It is true that the remission of the duty by the United States has not inured to the benefit of the consumer on the Pacific coast; but, as before stated, the duty which, were there no treaty, would go into the United States Treasury, now goes to the planter, and not to the refiner who buys nearly the entire product of the islands. The increased cost to the consumer on that coast of refined sugars, as com-

pared with the price paid by consumers in the Eastern States (from 2 to 2½ cents per pound), is not the result of the treaty, but grows out of a monopoly of the refining business in San Francisco, coupled with the still greater monopoly of railroad transportation.

In concluding this report, we desire to express our appreciation of the courtesies shown and assistance afforded us by Hawaiian officials, planters, merchants, and others in the prosecution of our inquiries.

We are also indebted to Mr. J. D. Power, of the special agent's office, San Francisco, who accompanied us to Honolulu, for valuable services rendered in the preparation of Hawaiian statistics while we were engaged in visiting the plantations upon the several islands.

Very respectfully,

O. L. SPAULDING.
JNO. E. SEARLES, JR.
A. K. TINGLE.

Hon. CHAS. J. FOLGER,
Secretary of the Treasury.

A.

Classification of sugars imported from the Hawaiian Islands into ports of the United States from July 1, 1873, to June 30, 1883.

[Compiled from abstracts furnished by collectors of ports named.]

PORTLAND, OREG.

Date.	Number of pounds.						Percentages.						
	—7.	7—10.	10—13.	13—16.	16—20.	+20.	Totals.	—7.	7—10.	10—13.	13—16.	16—20.	+20.
July 1, 1874, to June 30, 1875	61, 013	285, 674	1, 456, 817	1, 610, 138	284, 876	...	3, 698, 518	.0165	.0773	.3939	.4353	.0770	.....
To September 9, 1876.....	185, 720	321, 250	1, 003, 118	1, 030, 191	44, 645	.....	2, 584, 924	.0719	.1244	.3881	.3983	.0173	.....
Total prior to treaty	246, 733	606, 924	2, 459, 935	2, 640, 329	329, 521	.....	6, 283, 442	.0393	.0966	.3915	.4202	.0524	.....
September 9, 1876, to June 30, 1877	139, 640	622, 760	1, 374, 763	1, 272, 845	.....	.....	3, 410, 008	.0409	.1826	.4032	.3733	.....	.....
Year ending June 30, 1878	20, 700	69, 376	430, 692	2, 705, 597	6, 571	.....	3, 232, 936	.0064	.0215	.1332	.8569	.0020	.....
Year ending June 30, 1879 .....	.....	23, 998	237, 963	1, 730, 880	.....	.....	1, 992, 841	.....	.0120	.1194	.8686	.....	.....
Year ending June 30, 1880 .....	.....	.....	.....	1, 771, 331	.....	.....	1, 771, 331	.....	.....	.....	1.0000	.....	.....
Year ending June 30, 1881 .....	.....	.....	124, 161	18, 253	.....	.....	142, 414	.....	.....	.8718	.1282	.....	.....
Year ending June 30, 1882 .....	.....	.....	27, 635	390, 274	.....	.....	417, 909	.....	.....	.0661	.9339	.....	.....
Total under treaty	160, 340	716, 134	2, 195, 214	7, 889, 180	6, 571	.....	10, 967, 439	.0146	.0653	.2002	.7193	.0006	.....

SAN FRANCISCO, CAL.

Year ending June 30, 1874	113, 267	867, 796	2, 520, 774	5, 499, 986	352, 631	.....	9, 354, 454	.0121	.0928	.2695	.5879	.0377	.....
Year ending June 30, 1875	395, 837	2, 095, 433	3, 630, 037	5, 754, 402	1, 414, 379	24, 527	13, 364, 615	.0296	.1568	.2754	.4306	.1058	.0018
To September 9, 1876	1, 404, 427	10, 368, 358	4, 851, 876	1, 903, 941	300, 158	390	18, 829, 150	.0746	.5507	.2577	.1011	.0159	.....
Total	1, 913, 531	13, 331, 587	11, 052, 637	13, 158, 329	2, 067, 168	24, 917	41, 548, 219	.0461	.3209	.2660	.3167	.0497	.0006
September 9, 1876, to December 31, 1876*	.....	.....	.....	.....	.....	.....	12, 231, 260	.....	.....	.....	.....	.....	.....
Six months ending June 30, 1877	22, 975	1, 739, 716	5, 678, 371	6, 199, 300	1, 127, 967	.....	14, 763, 329	.0016	.1178	.3845	.4197	.0764	.....
Year ending June 30, 1878	910, 023	3, 494, 606	7, 366, 084	10, 955, 749	4, 166, 683	.....	26, 893, 145	.0338	.1300	.2739	.4074	.1549	.....
Year ending June 30, 1879	570, 619	4, 701, 356	10, 290, 303	20, 103, 553	4, 022, 610	.....	39, 688, 441	.0144	.1185	.2593	.5865	.1013	.....
Year ending June 30, 1880	1, 179, 524	8, 111, 410	15, 199, 698	33, 076, 729	2, 141, 104	.....	59, 708, 465	.0198	.1359	.2546	.5539	.0358	.....
Year ending June 30, 1881	1, 576, 538	12, 759, 234	16, 396, 577	45, 075, 406	1, 072, 883	.....	76, 880, 638	.0205	.1660	.2132	.5863	.0140	.....

Classification of sugars imported from the Hawaiian Islands into ports of the United States, &c.—Continued.

SAN FRANCISCO, CAL.—Continued.

Date.	Number of pounds.							Percentages.						
	—7.	7	10.	10—13.	13—16.	16—20.	+20.	Totals.	—7.	7—10.	10—13.	13—16.	16—20.	+20.
Year ending June 30, 1882.....	1,083,079	13,470,764		26,325,860	60,942,984	2,461,461		104,284,148	.0104	.1292	.2524	.5844	.0236	
Year ending June 30, 1883.....	1,666,819	11,266,030		26,364,412	65,743,988	3,457,601		108,498,850	.0154	.1038	.2430	.6059	.0319	
Total	7,009,577	55,543,116		107,621,305	242,097,709	18,450,309		430,722,016	.0163	.1289	.2499	.5621	.0428	
Total under treaty								442,953,276						

* No classification ; all returned as under No. 20.

NEW YORK, N. Y.

June to December, 1882	255,077	1,495,037	2,462,375	2,613,738				6,826,227	.0374	.2190	.3607	.3829		
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B.

Invoice values of sugars imported from the Hawaiian Islands from July 1, 1873, to June 30, 1883, and duties remitted under the treaty.

[Compiled from abstracts furnished by collectors of ports named.]

PORTLAND, OREG.

Date.	Pounds.	Invoice values.	Average value per pound.	Duties.	Average duty.
			<i>Cents.</i>		<i>Cents.</i>
July 1, 1874, to June 30, 1875	3, 698, 518	\$201, 103 11	5. 43	\$116, 290 56	3. 14
July 1, 1875, to September 9, 1876..	2, 584, 924	151, 612 73	5. 86	77, 533 08	3. 00
Total prior to treaty	6, 283, 442	352, 715 84	5. 61	193, 823 64	3. 08
September 9, 1876, to June 30, 1877 .	3, 410, 008	272, 433 07	7. 99	101, 042 88	2. 92
Year ending June 30, 1878.....	3, 232, 936	273, 432 20	8. 45	107, 572 25	3. 32
Year ending June 30, 1879.....	1, 992, 841	155, 195 68	7. 79	66, 791 66	3. 35
Year ending June 30, 1880	1, 771, 331	137, 261 97	7. 75	60, 889 50	3. 44
Year ending June 30, 1881.....	142, 414	11, 657 14	8. 18	4, 119 47	2. 89
Year ending June 30, 1882.....	417, 909	35, 780 13	8. 56	14, 192 90	3. 39
Total.....	10, 967, 439	885, 760 19	8. 07	354, 308 66	3. 23

SAN FRANCISCO, CAL.

Year ending June 30, 1874.....	9, 354, 454	\$450, 424 00	4. 81	\$298, 451 36	3. 19
Year ending June 30, 1875.....	13, 364, 615	682, 086 00	5. 10	421, 038 86	3. 15
July 1, 1875, to September 9, 1876..	18, 829, 150	883, 344 00	4. 69	504, 071 18	2. 68
Total prior to treaty	41, 548, 219	2, 015, 854 00	4. 85	1, 223, 561 40	2. 94
September 9, 1876, to December 31, 1876	12, 231, 260	857, 000 00	7. 00	*387, 730 94	3. 17
Six months ending June 30, 1877 ..	14, 768, 329	1, 001, 922 00	6. 78	462, 624 26	3. 13
Year ending June 30, 1878	26, 893, 145	1, 939, 101 00	7. 20	860, 318 39	3. 20
Year ending June 30, 1879	39, 688, 441	2, 458, 791 00	6. 19	1, 273, 909 02	3. 29
Year ending June 30, 1880.....	59, 708, 465	3, 948, 898 00	6. 61	1, 880, 073 76	3. 15
Year ending June 30, 1881	76, 880, 638	4, 713, 781 00	6. 13	2, 407, 674 31	3. 13
Year ending June 30, 1882.....	104, 284, 148	6, 744, 576 00	6. 47	3, 295, 788 98	3. 16
Year ending June 30, 1883.....	108, 498, 850	6, 790, 808 00	6. 25	3, 460, 026 13	3. 18
Total under the treaty	442, 953, 276	28, 454, 877 00	6. 42	14, 028, 145 79	3. 17

* There being no classification of these sugars, duty is estimated at average of 6½ years.

NEW YORK, N. Y.

June to December, 1882	6, 826, 227	\$365, 580 00	5. 36	\$202, 059 76	2. 96
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SUMMARY OF VALUES AND DUTIES UNDER THE TREATY.

Portland	10, 967, 439	\$885, 760 19	8. 07	\$354, 608 66	3. 23
San Francisco.	442, 953, 276	28, 454, 877 00	6. 42	14, 028, 145 79	3. 17
New York.....	6, 826, 227	365, 580 00	5. 36	202, 059 76	2. 96
Total.....	460, 746, 942	29, 706, 217 19	6. 44	14, 584, 814 21	3. 17

C.

Exports of domestic rice from the Hawaiian Islands, compiled from official records of the custom-house at Honolulu.

Calendar year.	To the United States.	To all other countries.	Total.
	Pounds.	Pounds.	Pounds.
1873	892, 720	48, 718	941, 438
1874	885, 646	302, 340	1, 187, 986
1875	1, 461, 835	111, 904	1, 573, 739
To September 9, 1876.....	565, 354	.....	.....
Total prior to treaty.....	3, 805, 555	462, 962	3, 703, 163
September 9 to December 31, 1876	1, 626, 354	67, 616	2, 259, 324
1877	2, 622, 325	69, 045	2, 691, 370
1878	2, 751, 698	16, 100	2, 767, 798
1879	4, 769, 580	22, 233	4, 791, 813
1880	6, 454, 740	15, 100	6, 469, 840
1881	7, 628, 700	54, 000	7, 682, 700
1882	12, 135, 074	34, 401	12, 169, 475
Total.....	37, 988, 471	278, 495	38, 832, 320
			Pounds.
Average annual exports in three years preceding treaty (1873 to 1875).....			1, 080, 067
Average annual exports in six years during treaty (1877 to 1882).....			6, 060, 352
Exports to United States in 1875.....			1, 461, 835
Exports to United States in 1882.....			12, 135, 074

D.

Values of merchandise imported from Hawaiian Islands, and estimated duties remitted under treaty.

[Compiled from annual reports of Bureau of Statistics.]

VALUES.

Fiscal year.	Rice.	Bananas.	Pea-nuts.	Molasses.	Sugar.	Tallow.	Other articles.	Total.
1877.....	\$128, 088 00	\$10, 184 00	\$4, 023 55	\$23, 508 89	\$2, 108, 472 62	\$2, 632 00	\$303 60	\$2, 277, 212 66
1878.....	209, 042 00	13, 247 00	1, 879 46	14, 449 22	2, 274, 430 38	7, 469 00	595 31	2, 521, 112 37
1879.....	266, 781 00	15, 244 00	845 00	14, 935 85	2, 811, 192 61	208 00	.....	3, 109, 206 46
1880	294, 186 00	13, 384 00	.....	19, 834 68	4, 135, 486 78	.....	.....	4, 462, 891 46
1881.....	389, 017 00	20, 600 00	.....	35, 036 63	4, 927, 020 74	1, 402 00	.....	5, 373, 076 37
1882	499, 825 00	18, 821 00	.....	25, 256 02	6, 918, 083 54	5, 522 00	.....	7, 467, 507 56
1883.....	610, 323 00	37, 987 00	.....	37, 493 00	7, 340, 032 64	3, 999 00	.....	8, 029, 834 64
Total ..	2, 397, 262 00	129, 467 00	6, 748 01	170, 514 29	30, 514, 719 31	21, 232 00	898 91	33, 240, 841 52

DUTIES.

1877	\$73, 835 67	\$1, 018 40	\$562 61	\$8, 629 50	\$977, 845 80	\$398 25	\$60 72	\$1, 062, 350 95
1878	121, 333 17	1, 324 70	434 32	5, 470 87	984, 131 15	1, 136 90	88 69	1, 113, 919 80
1879	117, 726 92	1, 524 40	294 75	6, 132 00	1, 260, 422 77	28 68	.....	1, 386, 129 52
1880.....	126, 116 15	1, 338 40	.....	6, 996 87	1, 874, 566 56	.....	.....	2, 009, 017 98
1881	174, 657 65	2, 060 00	.....	12, 436 68	2, 415, 340 88	280 83	.....	2, 604, 776 04
1882.....	254, 289 45	1, 882 10	.....	9, 543 75	3 305, 395 15	904 27	.....	3, 572, 014 72
1883.....	323, 173 77	3, 798 70	.....	14, 923 31	3, 539, 216 65	679 44	.....	3, 881, 791 87
Total ..	1, 191, 132 78	12, 946 70	1, 291 68	64, 132 98	14, 356, 918 96	3, 428 37	149 41	15, 630, 000 88

E.

Value of domestic exports from the United States to the Hawaiian Islands from July 1, 1876, to June 30, 1883.

	Value of ex-ports.
Fiscal year 1877.....	\$1, 296, 942
Fiscal year 1878.....	1, 783, 690
Fiscal year 1879.....	2, 423, 158
Fiscal year 1880.....	1, 985, 506
Fiscal year 1881.....	2, 694, 583
Fiscal year 1882.....	3, 272, 172
Fiscal year 1883.....	3, 683, 460
Total	17, 139, 511

Value of merchandise imported at the Hawaiian Islands, showing values of goods imported from the United States and from all other countries, free and dutiable.

F.

[Compiled from official records of the custom-house at Honolulu.]

Calendar year.	From the United States.			From all other countries.			Total imports.	Proportion from United States.
	Dutiable.	Free.	Total.	Dutiable.	Free.	Total.		
1874	\$774,826 90	\$41,841 57	\$816,668 47	\$410,475 89	\$83,683 13	\$494,158 93	\$1,310,827 40	-----
1875	957,133 25	58,933 65	1,016,066 90	548,536 83	117,867 30	666,404 13	1,682,471 03	-----
Total	1,731,960 15	100,775 22	1,832,735 37	959,012 63	201,550 43	1,160,563 06	2,993,298 43	61
1876	774,315 96	405,813 59	1,180,129 55	445,693 04	185,947 97	631,641 01	1,811,770 56	-----
1877	663,332 62	1,132,196 72	1,795,529 34	664,164 14	94,662 61	758,826 75	2,554,356 09	-----
1878	433,198 93	1,648,130 31	2,081,329 24	880,612 34	84,428 12	965,040 45	3,046,369 70	-----
1879	485,814 33	1,857,765 18	2,343,579 51	1,287,169 32	112,229 56	1,399,398 88	3,742,978 39	-----
1880	623,498 52	2,058,210 74	2,681,709 26	896,598 63	94,960 52	991,559 15	3,673,268 41	-----
1881	559,864 68	2,685,396 61	3,245,261 29	1,186,258 87	116,458 48	1,302,717 35	4,547,978 64	-----
1882	727,294 69	2,848,664 60	3,575,959 29	1,219,480 78	179,069 94	1,398,550 72	4,974,510 01	-----
Total since treaty	3,493,003 77	12,230,364 16	15,723,367 93	6,134,284 08	681,809 23	6,816,093 31	22,539,461 24	70

Imports during treaty—1877 to 1882 (six years).

From United States:	
Dutiable	\$3,493,004
Free	12,230,364
	\$15,723,368
From all other countries:	
Dutiable	6,134,284
Free	681,810
	6,816,094
Total imports	22,539,462
	Per cent.
Ratio of imports from United States during treaty	70
Ratio of imports from United States, 1874 to 1875	61
Increased imports from United States since treaty	9

TARIFF REVISION.

TREASURY DEPARTMENT, *February 23, 1886.*

SIR: In response to the request of your committee for my opinion as to the effect which the passage of bill H. R. 5576 will have on the public revenues, computed on the basis of last year's importations, I herewith submit a computation made by the Bureau of Statistics, also an explanatory letter of the chief of that Bureau.

I am of the opinion that the results shown by said computation are approximately correct.

It would seem that the net reduction computed on the above basis would be about \$12,000,000. As to the effect of the several provisos of said bill upon administration, I have to say that the provisos limiting the maximum of duties to certain ad valorem rates leave room for controversy upon values, but, of course, such values can be approximately ascertained by the customs officers. I would suggest, however, that provision be made by which the valuation of such officers should be made final, and not leave this important question to be in after years subjected to the uncertainties of a trial in court, with the consequent cost to the people of refunds of duties. The same remarks apply to those clauses of the bill which fix the rate of duty according to the value of the article.

My opinion upon ad valorem rates, generally, is indicated in a communication dated February 16, 1886, and addressed to the Speaker of the House of Representatives.

I would also call your attention to the necessity of making more clear, in some cases, the exact articles to which provisos apply. Difficulty has been found in administration because of the uncertainty of such provisos in the present tariff law. I am of the opinion that the provisions in tariff acts fixing the rate of duty according to the component material of chief value leads to litigation because of the uncertainty of the meaning of that term when applied to a manufactured article. There are a number of suits pending which involve this question; in them I fear that the Government may be defeated.

The term earthenware is open to misconstruction. In a recent case it has been held to mean only hollow-ware, or ware made on the potter's wheel. If this construction should prevail, then glazed tile, for illustration, becomes a non-enumerated manufactured article, subject to 20 per cent. ad valorem duty.

I call your attention to the uncertainty of the term broken or granulated rice. A maximum size should be stated to avoid controversy. I submit these few suggestions as the time stated in the communication of your committee does not permit a more careful analysis of the bill.

Respectfully, yours,

DANIEL MANNING,
Secretary.

Hon. WM. R. MORRISON,
Chairman Committee on Ways and Means.

TREASURY DEPARTMENT, BUREAU OF STATISTICS,
Washington, D. C., February 22, 1886.

SIR: I have the honor to state that I have computed the duties upon the articles mentioned in the tariff bill introduced into the House of Representatives by Mr. Morrison (H. R. 5576) upon the basis of the imports entered for consumption during the year ending June 30, 1885, and find that the reduction in duty, if the proviso on page 15 of the bill—lines 258 to 261, inclusive—and that on page 19, in regard to export duty on sugar, be not taken into consideration, would be, approximately, \$20,171,020. (See table inclosed.)

If the effect of the proviso above referred to on page 15 of the bill, limiting the rate of duty to be imposed on iron and steel after December 31 next to 50 per cent. ad valorem, is computed on the basis of the imports of the last fiscal year, it will show

a further reduction of about \$140,000. These figures, however, are not included in the inclosed table on account of the time at which the proviso shall go into effect.

According to information just received from the Department of State, export duty was imposed on sugar by Cuba and Porto Rico (see pages 439 and 440 of monthly Consular Report, No. 50, February, 1885), and by Brazil (see page 752, same report, No. 44, August, 1884), and by the British West Indies (see Bradstreets, February 6, 1886). I am not informed that such export duties have been abrogated by those countries. Of the 2,548,000,000 pounds of dutiable sugar imported into the United States during the year ending June 30, 1885, 1,886,000,000 pounds, or 74 per cent., was imported from the countries named. It is probable that 80 per cent. of the imports of sugar during the last fiscal year came from countries which imposed an export duty thereon. If such is the fact the reduction in duty effected by the bill, on the basis of the imports of the last fiscal year, would be, on sugar, only \$2,000,000 instead of \$10,000,000, reducing the aggregate reductions to \$12,000,000 instead of \$20,000,000.

With reference to the effect of the various provisos of the bill that the rate of duty to be collected shall not exceed a certain limit, I will add that when applied to the items of imports, shown by the publications of this office, the results would not exhibit as much reduction of duty as would have resulted from their application to the imports of the various ports. For instance, the report of this office on imports entered for consumption during the last fiscal year shows that such imports of iron in bars, blooms, billets, &c., amounted to 25,843,895 pounds, valued at \$1,126,898; duty collected, \$568,566. The rate of duty on this iron, reduced to ad valorem, amounted to 50 per cent., the limit of the proviso of the bill. But this item embraces thousands of entries of iron made during the fiscal year at the various ports of the United States, many of which were doubtless considerably above the 50 per cent. ad valorem limit, and many of them considerably below. All those above the 50 per cent. limit, if the proviso were in force, would be reduced to the 50 per cent. limit, thus illustrating the correctness of my statement.

The effect which this bill will have upon the volume of imports is a matter of speculation and conjecture. There are so many elements in the problem that it would be hazardous to venture an opinion on the subject. The general effect of a reduction in duty is, of course, to increase importation.

While the inclosed table shows only the amounts of reduction in duty on the various schedules of the existing tariff, in arriving at the results all the articles affected by the bill have been tabulated, showing the description, quantity, value, the present and proposed rates of duty, and the computed duty under each rate. These tabulations, though now in the rough, can be supplied if called for, but I am informed that similar tabulations, prepared under the direction of the Committee on Ways and Means, are now in the hands of the Public Printer, and will be furnished to the committee on Tuesday or Wednesday next.

Very respectfully,

WM. F. SWITZLER,
Chief of Bureau.

Hon. DANIEL MANNING,
Secretary of the Treasury.

Table showing reduction in duty effected by the Morrison bill (H. R. 5576), computed on the basis of the imports entered for consumption for the year ending June 30, 1885.

Schedules of present tariff.	Estimated decrease of revenue.		
	By transfer to free list.	By reduction of rates of duty.	Total.
A. Chemicals	\$357, 812	\$90, 194	\$448, 006
B. Earthen and glass ware		1, 038, 511	1, 038, 511
C. Metals	411, 082	323, 440	734, 522
D. Wood and wooden wares	1, 079, 622	2, 945	1, 082, 567
E. Sugar		10, 177, 183	10, 177, 183
G. Provisions	502, 431	351, 629	854, 070
I. Cottons		366, 706	366, 706
J. Hemp, jute, and flax goods	1, 805, 388	743, 581	2, 548, 969
K. Wool and woolens		1, 315, 155	1, 315, 155
N. Sundries	1, 498, 459	106, 882	1, 605, 341
	5, 654, 794	14, 516, 226	20, 171, 020

NOTE 1.—The excess of 50 per cent. ad valorem (see proviso on page 15 of the bill) collected on imported articles of iron and steel during the year ending June 30, 1885, amounted to about \$143,000. This amount is not included in the reduction shown in the above table.

NOTE 2.—Of the 2,548,000,000 pounds of sugar imported into the United States during the last fiscal year, 1,886,000,000 pounds, or 74 per cent., came from Cuba, Porto Rico, Brazil, and the British West Indies. These countries, according to latest advices from the Department of State, impose an export duty on sugar. If such is the fact it is probable that 80 per cent. of the sugar imported for the last year came from countries imposing an export duty thereon. This would change the figures in the table of reduction on sugar from \$10,000,000 to \$2,000,000 and the aggregate reduction of duty from \$20,000,000 to \$12,000,000.

NOTE 3.—The imports of articles of timber and lumber named in the bill as affected by the proviso as to export duty are imported from Canada, which country, so far as learned, imposes no export duty on the articles specified. Therefore the proviso has little or no effect.

GRINDSTONES.

FEBRUARY 25, 1886.

J. E. MITCHELL, of Philadelphia, was introduced, and said:

I have been engaged in the business of dealing in foreign and domestic grindstones for about half a century, man and boy. I came here to-day, having seen a notice in the newspapers that grindstones were to be placed upon the free list. I notice that they are called undressed grindstones. With the permission of the committee, I would like to explain the difference between dressed and undressed grindstones. We importers and dealers think that a grindstone is not a grindstone until it is dressed; or, in other words, until it is made round; that there is no such thing as an undressed grindstone. The distinction has been made in the tariff heretofore. The old duty was \$1 a ton on undressed grindstones and \$2 a ton on dressed grindstones. That created confusion in the custom-house—to decide what was a dressed and what was an undressed grindstone. It was finally decided to compromise the matter and to put the duty at \$1.75 a ton on both. I simply explain that because if any action is taken on it I suggest that they be called grindstones, in order to avoid the confusion referred to.

The most of imported grindstones come from Newcastle-on-Tyne, England, and they are brought here for particular purposes in their use. The Baldwin Locomotive Works run seven grindstones, weighing two tons each, which are used in grinding the various parts of a locomotive; even the long iron bars are ground with grindstones, and almost every part of it. It has been discovered that for these purposes nothing but the Newcastle stone will answer, and consequently they use them exclusively. The cost of the Newcastle grindstone imported is \$25 per ton, including the duty; from \$25 to \$27, including \$1.75 per ton duty. The other grindstones that are imported are from Bay of Fundy, New Brunswick, known as Nova Scotia grindstones, and are made of all sizes, from the smallest to the largest, by machinery. They are turned and made smooth by machinery, being cheaper than to do it by hand. The last proposal I had from the Provinces for Nova Scotia grindstones from Bay Chaleur, New Brunswick, was \$18 a ton. That includes \$1.75 duty.

Mr. MILLS. Does that include freight also?

Mr. MITCHELL. Yes, sir; that includes freight also, delivered in Philadelphia. The freight from the Provinces is about \$2 per ton. From England it varies from 15 to 20 shillings.

Mr. MILLS. From \$4 to \$5?

Mr. MITCHELL. Yes, sir; from England and from the Provinces from \$2 to \$3.

Q. (Mr. HEWITT). Do I understand you to say that you do not wish any distinction made between dressed and undressed grindstones?—A. I do not, because it simply makes confusion at the custom-house, and the trade does not make any distinction. In other words, it is not a grindstone until it is a grindstone.

Q. If we put on the grindstones without any distinction at all, what would prevent the stones from being finished in the Provinces and sent here?—A. They are made now by machinery instead of by hand. Formerly a stone made by mallet and chisel was known as undressed, and a stone made by machinery as dressed; but it has been found to be cheaper to make them by machinery than by chisel and mallet; so that in England and the Provinces they are made by machinery, and are made cheaper in that way.

Q. Then by putting grindstones on the free list we do not interfere with any domestic industry?—A. No, sir; I think not, and for this reason: The grindstones used at the Baldwin works, for example, are of a kind that their importation cannot interfere with American stones, because the American grindstone does not answer the purpose. I forgot to mention another place in England, near Sheffield, where large quantities of stone are imported for Mr. Diston for the purpose of grinding saws.

There is no grindstone that answers his purpose in this country, and Mr. Diston must have it for finishing saws. So, in these cases the duty, I think, would not interfere at all with the domestic production. In other words, these two kinds of stone are supplied out of what cannot be found in America. Now there may be probably more competition between the provincial grindstones and the Ohio grindstones; I speak of them as Ohio stones in general terms; American grindstones are all from Ohio. The provincial stones cost about \$18 per ton, and they are made large and small. It has been found that it does not pay to get the imported stone into Boston or New York or Philadelphia and these great seaports and send them to the West in competition with the Ohio stone. In other words, a stone costing \$18 a ton in Boston would not be sent to Cleveland, where they are made for \$6 a ton. So you will observe the English grindstone and the provincial stone cost so much more than the American grindstone that the duty amounts to very little.

Mr. McMILLIN. Do I understand you to say the domestic stone is \$6 a ton?

Mr. MITCHELL. Certainly. In Cleveland they are offering them at \$6, and the cost of delivering them in Philadelphia is \$4, making the cost of them there \$10. The small stones are worth a dollar or two more. So that the American stone costs from \$10 to \$12.50 a ton, the provincial stone costs \$18, and the English stone costs \$25 a ton. That is about the proportion.

Mr. MORRISON. Do you mean delivered in Philadelphia?

Mr. MITCHELL. Yes, sir.

Mr. HEWITT. Then, to remove the duty will not interfere with any domestic industry, but will be a benefit to certain classes of industry who are compelled to use these foreign stones?

Mr. MITCHELL. I think so; though I agree with Judge Kelley in having protection where it is necessary; but in this case I do not think it is; because, for instance, the duty simply adds that much to the cost of locomotives, and the duty adds just that much to the cost of saws. As I said, the Provincial grindstones are the only ones that come in competition with the Ohio stones.

Mr. McKINLEY. Then practically the tariff on grindstones is a tariff for revenue and not protective?

Mr. MITCHELL. Yes, sir; I do not think it is necessary, simply on account of the enormous difference in the cost. I do not think a duty on grindstones would have the slightest effect in benefiting American manufacturers.

Mr. BROWNE. Are grindstones imported from anywhere else except from England and the Provinces?

Mr. MITCHELL. There are a few, but it is a matter of little importance—some from France and some from Germany, but the bulk is from England or the British Provinces.

Q. (Mr. MORRISON.) I understand you to say that the importers of these stones have no competition in the United States—nobody in America furnishes just that article or a substitute for it.—A. I know of nothing that will supersede the Newcastle grindstone.

Q. Then there is no competition here to regulate the prices? These foreign manufacturers control the prices?—A. Except that the price cannot be less than \$25 a ton.

Q. If they have the exclusive market for that article, because nobody else furnishes a substitute for it, then they may fix their prices for it; but if we take off the duty, might they not put it on?—A. I think not. I think the price of these things has been fixed for so many years that any duty would not affect the price in England.

Q. The only competition they would have would be on their side of the water?—A. Yes, sir; that is to say in prices.

Mr. HEWITT. Do you import gannister?

Mr. MITCHELL. Excuse me, but I do not know what that is.

Mr. HEWITT. Gannister is a stone of the same general character as the Newcastle and Sheffield stone. It is the fragments and piece-bits of these quarries used for lining steel furnaces.

Mr. MITCHELL. It is not called grindstone.

Mr. HEWITT. I know it is not.

Mr. MITCHELL. No, sir; we do not import that article.

By Judge KELLEY:

Q. May I ask you what weight of a grindstone would probably be consumed in fitting up all the parts of a locomotive?—A. The Baldwin works use seven stones of two tons each. They make one locomotive a day when in full blast, and I think they use one of these grindstones on an average in a month in their usual operations. It may be in two or three weeks. I give that only from memory. Their bills are not very large. The stones are very durable, and the enormous weights do not seem to crush them as with softer stone. The work is done better, and the stone is more durable than any other.

Q. Then they use up about a ton of the stone on thirty locomotives, or say twenty-eight locomotives?—A. They are not producing one a day now.

Q. But there has been a time when they produced one and a half a day?—A. Yes, sir. I only speak from recollection—that a 5-foot grindstone would be used in about a month.

Q. Then that would give the one twenty-eighth of \$1.75 as the saving on a locomotive?—A. Yes, sir.

Q. Can you give us any idea of the market price of a locomotive that would use the one twenty-eighth of \$1.75?—A. No, sir; I simply state that any duty would not have any effect, because they must use that kind of grindstone.

Mr. McMILLIN. Do the grindstones from the Provinces compete with the grindstones made in Ohio?

Mr. MITCHELL. Yes, sir; they compete more favorably than the English, simply because the quarries are nearer. The freight is less, and so the cost is less. In other words, the difference between the two is the difference between \$12 or \$13 and \$8. So you perceive the tariff is not necessary for the protection of that article. The Ohio stones are made very rapidly and very cheaply, and in very large quantities; but, as I tell you, for this particular purpose, it has not been discovered that the Ohio stones will answer the purpose.

Q. Do you bring the stones all finished from England?—A. They are made in lays, but when finished they have the shaft adjusted.

Q. Is there any work done on this side?—A. Yes, sir; they put the shaft in and get them mathematically true in their working, and they will do that until they are finished; but however neatly they may be finished on the other side we are obliged to refinish them here.

Q. But you want them all to come in under one designation?—A. Yes, sir; merely to simplify it. Everybody knows what a grindstone is, but it has always been a contention what is a dressed and what is an undressed grindstone, the duty being on the undressed \$1 and on dressed \$2, until finally it was compromised and decided that the duty should be \$1.75 on both.

Mr. HISCOCK. How much does it cost to finish a grindstone—the work done here on it?

Mr. MITCHELL. It costs from about \$1.50 to \$2 a ton. A 6-foot stone will cost about \$3 to finish it.

Q. What proportion of that is manual labor?—A. The bulk of it is manual labor; the waste of stone is not material.

Q. If they are all allowed to come in here free, the result will be the finishing will be done on the other side?—A. I think not, for the reason that it is impossible to finish them on the other side and put the shafts in them. They cannot be shipped in that way. The effect of making them free would not be to alter the manufacture on the other side; they still would be the same as now.

Q. It would not diminish the work on them on this side?—A. It would not.

Q. They cannot be made so they will run perfectly true until that shaft or crank is put in?—A. No, sir.

Q. How much work does that involve?—A. It has been discovered that when a shaft is taken out you cannot put it back true again. The least variation of a sixteenth of an inch will throw it out of its circumference. So, when you finish it, it should turn perfectly true on the shaft.

Q. When the shaft is put in, it is put in to stay?—A. Yes, sir. Now, in the matter of building stone, I get out some blocks from Scotland, which are rated at 20 per cent. duty ad valorem. Formerly the duty on building stone, I think, was \$1 per ton. Marble, I think, was \$1 and was reduced to 65 cents. I have very little to say about that, I import so few of them. The duty of 20 per cent. ad valorem of the kind of building stone I import would be about four or five dollars a ton.

Mr. HEWITT. The removal of the duty from this rough stone, not manufactured or dressed, would not interfere with any domestic industry.

Mr. MITCHELL. I do not think it would interfere in the slightest.

Mr. HISCOCK. What would be the effect of this provincial stone coming in here free? There is a large amount coming in?

Mr. MITCHELL. Yes; there is a quantity coming in, but the bulk of building stone comes from Ohio. I think very little comes from the Provinces.

Q. Would it not if it was free?—A. It might, possibly. I think instead of putting the duty on building stone ad valorem I would put it on the ton.

Mr. MILLS. Would not the cost of transportation make it cost so much more that it could not compete with Ohio stone?

Mr. MITCHELL. I do not think the building stone sent from the Provinces could compete with the Ohio stone.

Mr. HISCOCK. That might be true if you depend on rail transportation, but where you depend on water transportation you could compete with it. Take, for instance, Canada stone.

Mr. MITCHELL. I don't know how much it would be from Canada.

Mr. MILLS. What is a ton of that stone worth in Canada?

Mr. MITCHELL. I don't know. I only refer to Ohio stone.

Q. What is the cost of transportation?—A. My impression is that Ohio building stone is delivered in Philadelphia for about 60 or 70 cents a cubic foot.

Q. What is it worth by canal?—A. It seems to me it is 40 cents a cubic foot.

Q. About one-third of the cost in Philadelphia would be for transportation?—A. The cost of transportation is $22\frac{1}{2}$ cents per hundred, which would be \$4.50 a ton, but only at 40 cents a cubic foot would be \$5.60, and in Philadelphia would be \$11.

Q. How much at the quarry per ton?—A. Five dollars and sixty cents per ton—14 feet to the ton.

THE HAWAIIAN TREATY.

FEBRUARY 27, 1886.

At a meeting of the subcommittee on Ways and Means, CELSO CÆSAR MORENO was introduced, and said :

I went to the Sandwich Islands in 1879, with the object of establishing a line of steamers from Canton, China, via Honolulu, to San Francisco ; also for the purpose of asking for a subsidy from the Hawaiian Islands in behalf of this line of steamers. The bill was introduced in the legislature, and went through successfully. Most of the native members were progressive people, loved their country, and wished to see it progress, and were in favor of the subsidy for this line of steamers. Of course many of the residents of these islands, especially those who belong to the missionary class, and Clans Spreckels and his agents, were opposed to it, as they are opposed to any improvement in that country. They would like to establish the walls of China around these islands. These missionaries and Sir Claus Spreckels don't ordinarily pull together ; they are not friendly ; but they confederated together to stop this new improvement, which was to establish direct communication between the Sandwich Islands and China on one side, and the Sandwich Islands and San Francisco on the other, and so giving to the country the benefit of semi-monthly communication with California. Of course they have a monthly communication between Australia and California, and this is the King's message to the legislature.

ROYAL MESSAGE.

[Translation.]

To the nobles and representatives of the people:

In accordance with the thirtieth article of the constitution, it becomes my duty to recommend to your consideration the necessity of further expansion and extension of our commercial intercourse and trade with the world.

During the interval since the last legislative assembly a memorial has been presented to my Government by Signor Celso Cæsar Moreno, the special agent of the China Merchant Steamship Navigation Company of Shanghai (China), praying that a subsidy, with privileges as extended to other steam lines having intercourse and trade with this Government, be granted to them.

The interests of our country demand a further and more permanent establishment of our commercial intercourse direct with that of China. The opening to us of the great emporium of Asia will add a tenfold resource of revenue and profit to our country. I therefore deem it important and worthy in recommending to your consideration the memorial, which will be presented to your honorable body by my minister of the interior at the earliest opportunity.

Done this 1st day of June, at Iolani Palace, Honolulu, Oahu, A. D. 1880.

KALAKAUA R.

Then I had another object in view ; it was to establish a cable between California and the Sandwich Islands, Japan, and China, for which I had secured a charter from the Congress of the United States, approved August 15, 1876. I insert here the act giving the charter, and the certificates connected with it.

[PUBLIC—No. 158.]

AN ACT to promote and encourage telegraphic communication between America and Asia.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Celso Cæsar Moreno, Alvinza Hayward, John F. Miller, Leland Stanford, Mark Hopkins, James C. Flood, William Irwin, James McM. Shafter, O. H. La Grange, Isaac Friedlander, William Alvord, Eugene L. Sullivan, John P.

Jackson, Andrew J. Bryant, John B. Felton, Louis Sloss, Philip A. Roach, Nathaniel W. Spaulding, William Norris, Frank M. Pixley, and J. Craig, of the State of California; Henry Failing and Julius Friedman, of the State of Oregon; Henry O'Reilly and William Barnet Phillips, of the State of New York; Dudley S. Gregory, of the State of New Jersey, shall have the right to construct, lay, land, and maintain a line or lines of telegraph or submarine cable or cables on the Pacific coast of the United States of America to connect the American and Asiatic coasts by telegraph lines, wires, or submarine cables: *Provided*, That said company shall begin to lay said cable or cables within three years from the passage of this act.

SEC. 2. That any telegraph line or cable laid by said company shall be subject to the following conditions, stipulations, and reservations, to wit: The Government of the United States shall be entitled to exercise and enjoy the same or similar privileges with regard to the control and use of such line or lines, or cable or cables, that may, by law, agreement, or otherwise, be exercised and enjoyed by any foreign Government whatever; secondly, citizens of the United States shall enjoy the same privileges as to the payment of rates for the transmission of messages as are enjoyed by the citizens of the most favored nations; thirdly, the transmission of dispatches shall be made in the following order: First, dispatches of state, under such regulations as may be agreed upon by the Governments interested; secondly, dispatches on telegraphic service; thirdly, private dispatches; and fourthly, the lines of any such cables shall be kept open to the public for the daily transmission of market and commercial reports and intelligence, and all messages, dispatches, and communications shall be forwarded in the order in which they are received, except as hereinbefore provided; fifthly, before extending and establishing any such line or lines, or cable or cables, in or over any waters, reefs, islands, shores, and lands within the jurisdiction of the United States, a written acceptance of the terms and conditions imposed by this act shall be filed in the office of the Secretary of State by the said company.

SEC. 3. But nothing in this act shall be construed to limit the United States in granting to other persons or companies similar privileges herein contained.

SEC. 4. That the right to alter, amend, or repeal this act at any time is hereby reserved to Congress.

Approved August 5, 1876.

UNITED STATES OF AMERICA,
Department of State.

To all to whom these presents shall come, greeting:

I certify that hereto annexed is a true copy of an act of Congress approved August 15, 1876, entitled "An act to encourage and promote telegraphic communication between America and Asia," the original of which act is on file in this Department.

In testimony whereof I, William M. Evarts, Secretary of State of the United States, have hereunto subscribed my name and caused the seal of the Department to be affixed.

Done at the city of Washington this 13th day of June, A. D. 1878, and of the Independence of the United States of America the one hundred and second.

[SEAL.]

WM. M. EVARTS.

CONSULATE OF THE UNITED STATES,
Honolulu, June 24, 1880.

I, the undersigned, vice-consul of the United States for Honolulu, Hawaiian Islands, and the dependencies thereof, do hereby certify that the foregoing document bears the true and genuine signature of William M. Evarts, Secretary of State of the United States, and the seal of the Department of State at Washington. That the act of the Congress of the United States herewith attached may be found in the "Statutes of the United States of America passed at the first session of the Forty-fourth Congress, 1875-'76," chap. 293, p. 201.

In witness whereof I have hereunto placed my hand and affixed my seal this 24th day of June, A. D. 1880.

[SEAL.]

F. P. HASTINGS,
United States Consul.

I concur in the above.

J. M. COMLY,
United States Minister Resident.

Mr. C. C. MORENO. Notwithstanding these certificates, my charter from the United States Congress was by many called a bogus one, and the United States minister resident, *the greatest American general*, as he styled himself there, James M. Comly, of Toledo, Ohio, was among them.

The bill, under the auspices of the chivalrous scholar, statesman, and noble King, Kalakana, who desired the progress of his country, was introduced in the Parliament by the Honorable Luther Aholo, vice-president of the legislature, one of the noblest

men of that country, next to Simon Kaai, Bush, and the King. This bill was read twice, and at the third reading was defeated by a subterfuge unworthy of any country or any legislature or any man that took part in it, and a subterfuge which should have brought on them the blast of infamy. A steamer came into port from Australia, and the marshal of the kingdom, one of the missionary ring, by the name of Mr. Parke, went to every member of the legislature (the natives) and told them that a steamer was in port from Anstralia, and that a handsome champagne supper would be given to them in that "magnificent floating palace." These were his words. The members went; most of the natives went, and afterwards, when this bill came up on the third reading, for want of a problematic vote the bill did not pass, and it is even supposed there was not a quorum present. I myself was not in the legislature that day. I myself went away because they said the legislature would adjourn. After this thing was finished I remained there in the islands, not at the request of the King, but I used to often converse with him. I think it was only within a few days—on 14th of August, which was the month the bill was defeated—that the legislature adjourned *sine die*. The King then—under whose advice I cannot state, because I am not positive—dismissed his ministry, because they opposed these improvements—the line of steamers as well as the cable—thinking that men who opposed anything that would promote the advancement of the interests of his kingdom were unfit to be at the head of affairs.

Now, with something concerning myself, I quit. I do not wish to make my apotheosis. Let us go back to the reciprocity treaty. I think this treaty does good to nobody in the islands—I mean the aborigines. In the first place, the title of this treaty is wrong. Instead of saying "Reciprocity treaty between the United States and the Hawaiian Islands," it should be entitled "Reciprocity treaty between the United States and one Sir Claus Spreckels and a Chinaman by the name of Ah Fong." These two, especially Mr. Spreckels, reap the most of the benefit of the treaty. Mr. Spreckels obtained in the island of Maui several concessions of crown lands, while Mr. Mott Smith, whom I do not know personally, was prime minister, and the minister of interior, and a gentleman who is now the minister of the Hawaiian Islands here in Washington—I don't know either, but I know one named Mr. Carter was in the cabinet, with two other gentlemen named Mr. Artwell and Walker, a native of Scotland. These members of the cabinet refusing to give Mr. Claus Spreckels a large concession of crown lands, and Mr. Spreckels being indignant, went at eleven o'clock at night to the King's palace, and, as an autocrat, imperatively ordered the King to dismiss his cabinet, and it was done. The gentlemen here can say whether that is true or not. At eleven o'clock at night the order was sent to the ministers that their services were no longer required.

This plainly shows that Mr. Carter is not consistent, but has an elastic conscience and no firmness of character. He (Mr. Carter) was dismissed from the office of cabinet minister a few years ago for opposing the monopolism and land-grabbing of Mr. Spreckels, and to-day is here in this committee room to defend it and Spreckels with.

The CHAIRMAN. The King dismissed his whole cabinet, did he?

Mr. MORENO. Yes, sir; and appointed another, which afterwards granted Mr. Spreckels these lands, which the former cabinet would not allow him. Of course the success of that cabinet depended on compliance with the wishes of Mr. Spreckels, and these crown lands in the island of Maui were given to Mr. Spreckels, for what price I do not know; very likely no price at all. That action has chased away from their own happy homes and little farms many of the natives of the island. The Hawaiians are a peaceful, inoffensive, and somewhat lazy people, but very good-natured, honest, and very warm-hearted and genial. These people became paupers, and upon their ruin was built the fortune of Sir Claus Spreckels and of the Chinaman Ah Fong, and enabled Spreckels to foster his own monopoly in that country. This monopoly not only gave him wealth, but gave him unlimited power. He changes cabinets there at his own will, intimidates the King, and even he himself, or through his agents, or in some way by his confederates, the missionaries, who are in conflict usually, but on some questions have agreed to fight any third party, or any one that did not belong to the former monopolies of the missionaries and the present one of Sir Claus Spreckels. The King must yield willingly or unwillingly. I heard myself from the mouth of His Majesty, King Kalakana, worthy to be King of his own country as he is the first gentleman of the land, irrespective of race, color, or religion—the noblest Roman of them all—I heard from his mouth that this reciprocity treaty does no good to him, and does no good to his people. The United States by making this treaty have put another king over him, and who tramples upon his rights and those of his people.

I have here a letter written to me in 1883 by a gentleman, native of the island, and who is a member of Parliament. I quote his own words, because it will illustrate well what I say:

"We seem to have two kings at present. One is King K. [meaning Kalakana]) the other is King Claus Spreckels, that great sugar-planter of the island of Maui. Some

time back the battery saluted twenty-one guns and the church bells were wringing [you will observe he writes English as badly as I speak it] when Claus Spreckels came from 'Frisco. That was never known before. This is only now of late. So you will see we have two kings!"

I do not wish to divulge the name of the good native who wrote me that, as it would only subject him to the vengeance and spite of those who are not satisfied with what they have already grabbed.

Again I say, the King does not want that treaty with such unpleasantnesses, because he sees the day is coming when the power of this man will overshadow him. Politically, this treaty has put in jeopardy the existence of that little Kingdom, not for fear of America, for America helps the weak, never crushes them—notwithstanding America was invited to annex this Kingdom.

I have a copy of a speech that was made by a minister of the Hawaiian Islands, but which I cannot find now. I recall the speech of that gentleman made in the Hawaiian Hotel, in which he advocated the annexation of that country to the United States. That speech was left in the hands of a gentleman there by me, and when I afterwards asked for it I was told that it had been mixed up with some other papers and could not now be found. That gentleman who made the speech is Mr. Carter. Does what I say now concern any one here?

The CHAIRMAN. Mr. Carter is now present and will speak for himself hereafter. It would not be proper for you to call on him to answer any questions at this time.

Mr. MORENO. Very well. All I desire here is fair play. The United States were not willing to listen to any suggestions as to the annexation of that country. But the danger lies here, that this second king, Sir Claus Spreckels, with or without an understanding with Germany, is paving the way for the annexation of these islands to Germany, as Mr. Godfrey, the other second king of Samoa, has paved the way for Germany to annex these Samoan Islands, and as also did another German merchant for the Caroline Islands, and the Pope of Rome became the arbitrator between Germany and Spain. It is high time that his Excellency Thomas F. Bayard opened his eyes. I have a good memory, and these are nearly, if not entirely, the precise words of His Majesty King Kalakaua of the Hawaiian Islands. If the King thinks that way now or not I cannot say. The king now is surrounded by a cabinet, the head of which is a man named Walter Murray Gibson, and who made many speeches in the Hawaiian legislature, while I was here in Washington fighting for this charter which I obtained from Congress—speeches eulogizing me very much, or the best he could, as any flatterer will do. When I went to that country I saw the cabinet ministers were not in favor of improvements, and as I knew the King very well—I had been introduced to him by his brother-in-law, Governor John Dominis, a countryman of mine, or at least the son of a countryman of mine, and I knew the King also in Washington and San Francisco in 1874—when I met him, and after speaking a few words to him, he asked me what brought me there, and I showed him my credentials from China to establish this line of steamers, and my charter from the Congress of the United States, and I told him of that and about the laying of the cable. These two ideas suited him, because he saw it was for the benefit of his Kingdom and his people, and we became good friends, as we agreed on many points in regard to modern innovations to be introduced in his Kingdom. So the King told me all his inner thoughts, especially with regard to this reciprocity treaty.

Now let us go back to this prime minister, Gibson. This Gibson went to the Sandwich Islands from Salt Lake City as a Mormon preacher, and upon my going there, and his seeing my friendship with the King, he asked me twenty or thirty or fifty times to bring him into the good graces of the King, and by what I have read in the newspapers and by what I am informed by letters from others, this Mr. Gibson is entirely under the influence of Mr. Claus Spreckels, who has such a power there. Even I hear that he owns the cabinet, and through the cabinet he intimidates, misleads, and compels the King to comply with his wishes—the wishes of himself, Claus Spreckels. Besides, the attorney-general is Sir Paul Newman, a Dutch Jew imported from San Francisco by Sir Claus Spreckels, and forced upon the King and people as the attorney-general of the kingdom.

There lies the power of Sir Claus Spreckels, and the United States, by granting that reciprocity treaty, are giving to Mr. Claus Spreckels the lever of Archimedes, to do and undo what suits him there for his own exclusive benefit, and to the detriment especially of the natives of Hawai. Before this reciprocity treaty was granted it was a novelty, and almost a wonder, to find a Hawaiian begging. To-day you can count them on the streets. Before this reciprocity treaty the Hawaiian population was nearly 45,000. To-day it is 36,000 or 38,000, and the decrease in the population of the now debauched and demoralized natives goes on with the same speed as the decrease in the native's wealth, which consists of their little farms and houses in the island of Mani, where Sir Claus Spreckels grabbed vast tracts of land.

Mr. MILLS. To what do you attribute that?

Mr. MORENO. To the building up of that monopoly. The natives have been deprived of their little farms. The Hawaiians are not very industrious; they are not traders; they only cultivate these little farms.

Mr. MILLS. Did anybody take away their farms?

Mr. MORENO. By this concession or grabbing of the lands to and by Spreckels, the natives, many of them, were driven away from their happy homes.

Mr. MILLS. Was he given lands already occupied?

Mr. MORENO. On these crown lands many Hawaiians were settled there, as the gentlemen here from California know; they are called "squatters." They were *bona fide* occupants.

Mr. MILLS. Did these Hawaiians you speak of have title to their lands, and were they divested of them and the lands given to Spreckels?

Mr. MORENO. They were peaceful occupants living on these crown lands, and they were driven off, and the missionaries never troubled themselves about it to protect them.

Mr. MILLS. I only want to know in regard to these lands of which these Hawaiians were dispossessed, if they were cultivated lands?

Mr. MORENO. They produce sugar, bananas, taro, guavas, cocoanuts, and a fruit which is almost like a pumpkin and grows on a tree like the cocoanut; I don't recall its name, but it is very good to eat. It is named papaya, or something like that.

Mr. MILLS. Now proceed with anything else that you may have to say pertaining to the questions before this committee, as our time is limited.

Mr. MORENO. Yes, sir. Now, Mr. Spreckels, wish the advantages the reciprocity treaty gave him—he uses it as a blade of a knife that cuts on both sides, always in his own interest, coaxing and flattering the natives and the King—he says, "Now, you see, I have done all these great things for you; you should look on me as a demigod" (or a demagogue, if you choose). He says, "I have enriched this country," instead of saying, "I have enriched myself." He says, "I have enriched this country, and whatever I do should suit you, because it comes from your best friend." If that way don't suit them, he says, "Well, I have the power; I am the only one recognized by the United States; I am the only man." And he has an agent there by the name of Mr. Irving, an Englishman, who magnifies all that Mr. Spreckels does, and acts in his absence. By such means Spreckels imposes his will. He has the monopoly of money lending there. If any one is recalcitrant he won't lend him money. There used to be a gentleman there by name of Charles Bishop, who himself had the monopoly of lending money there, but Mr. Spreckels has supplanted him.

Mr. MILLS. There are a good many other gentlemen here who have to be heard, and you have now had three-quarters of an hour. Please now say what you have to say in ten minutes.

Mr. MORENO. Very good. I say the Americans receive no benefit from this reciprocity treaty, none whatever. The balance of trade is against the Americans, and that they must pay in gold. But Mr. Spreckels, always spare them the trouble of sending it to the islands. He collects the balance himself in San Francisco. This great country which is called free, with justice to every one, one for all and all for one, has given to Mr. Claus Spreckels the power, as I said, to do as he pleases there. This reciprocity treaty was a great financial and political blunder. The idea that if this country takes away the reciprocity treaty, England or some other country will take possession of the islands, will not bear discussion. No discussion could be made on that because that argument is hollow; there is nothing in it. All the European nations are 15,000 or 16,000 miles away by sea until the Panama Canal is built, then it will be shorter. If any argument of that kind is brought before the House or the committee, it should be ruled out, because it will bear no discussion, but is only used to mask and uphold a monopoly which should not exist, and the sooner the United States abrogates the treaty the better it will be for the natives of the Hawaiian Islands, and not the few who have congregated there to milk these poor natives as thoroughly as a cow can be milked, and to push these poor people to the wall. The duty that America levies, and which goes into their Treasury, on the sugar and rice which come from the Hawaiian Islands, and about \$6,000,000 a year of balance of trade, the surplus which is against the United States, will be saved, and there will be washed away from the flag of the United States the stigma of upholding a monstrous monopoly, which is detrimental to the natives of the islands as well as to the American tax-payers, especially of the Pacific Coast, to the extent of \$6,000,000 a year; besides, the sugar is no cheaper on the Pacific Coast, and the engines and other machinery and tools for cultivating and grinding the sugarcane in the Sandwich Islands are all imported from Scotland. I will now conclude by reading to the committee a letter which I addressed to King Kalakaua from my native country. It is a part of a book, and begins at page 257 and ends at page 265. This letter will give a good idea of what is going on in these islands, and especially of the doings of this man who is at the head of affairs there and the right-hand man of Mr. Spreckels in that country.

Celso Cæsar Moreno to King Kalakaua,

GENOA, ITALY, *March 7, 1884.*

May it please your Majesty:

In accordance with your Majesty's desire, expressed to me in Rome verbally on the 4th day of July, 1881, at the Quirinal Hotel, I have sent to your Majesty my bill of the money I advanced from my own pocket for the support of the three Hawaiian youths, Wilcox, Booth, and Boyd, intrusted to me by your Majesty on the 30th of August, 1880, in Honolulu, and soon afterwards shamefully abandoned by your Majesty's ministers. I have put them in the best schools of Europe, viz, the Military and Naval Academies of Italy (in the naval, where is Boyd, and where I have been educated myself), by special permission of His Majesty, Humbert I, King of Italy, granted to me on the 23d day of March, 1881; also the bill of expenses, and of my salary from the 30th of August, 1880, to the 2d of July, 1881, when I personally and voluntarily tendered my resignation to your Majesty at the Hôtel Royal des Étrangers in Naples.

Said bill I sent three times: first, on the 5th of July, 1881, from Rome to your Majesty's address in London, care of the Hawaiian consul-general in that city, precisely as your Majesty requested me to do and as it was written on the address card handed to me; second, in the month of July, 1882, from Rome to your Majesty's address in Honolulu; third, in the month of May of last year, 1883, from Genoa, again to your Majesty's address in Honolulu. Similar letters I wrote to ex-minister John E. Bush. The above-mentioned letters have been published in the reputable Hawaiian newspaper, the *Ko Hawaii Pae Aina*, of Honolulu, of which I have copies in my hands, and your Majesty could not have failed to see and read them. Is not this the height of ingratitude, injustice, and meanness on your Majesty's part, as a King, as a man, and as a friend, not to have reimbursed long ago to me the money I generously and promptly advanced for the support of the three Hawaiian youths and for our traveling expenses and my salary? This is a debt of honor and of gratitude, a sacred and just debt, and your Majesty should have paid it before all others; but it must be paid sooner or later, and, like every other man, I must and will have what is due to me, and some day I will put my claim in stronger hands for collection. The letter of credit is still in my hands unpaid, and my patience is exhausted.

As I stated to your Majesty in Naples and in Rome, when we spoke together of this money due to me, I never answered Mr. Green's letters for two reasons: First, the indelicate and ungentlemanly conduct of Mr. Green, for which I have the proofs in my own hands, put him outside the pale of my good consideration, and consequently beneath my notice. Whosoever tries to play a mean dirty trick on me does so at his own peril. Second. Had I even put this under my feet and trampled upon my own self-respect and answered and accepted the money for expenses or amounts offered to me by said Green, through Mr. Ackfeld, of Bremen, before having placed the three intrusted to me (Wilcox, Booth, and Boyd) in the royal schools of Italy in my own name, and with strict orders that nobody had anything to do with them, they would not have remained long at school, but would have very quickly been ordered to take their way back home to Honolulu against your Majesty's will and their own, thus impairing their education and success. I understood the game in time, and preferred not to answer by the return mail to Mr. Ackfeld, of Bremen, as he suggested; neither did I accept the money he offered me, but generously, and for your Majesty's sake and for the three Hawaiian youths' good and for their school education, I preferred to continue to advance my money for their support, pay our traveling expenses, and use my influence, time, and work until I obtained a success even beyond your Majesty's commands and expectations, as your Majesty, like a modern Saint Thomas, has seen with the eyes, heard with the ears, and touched with the hands in Naples, Rome, and Turin.

The missionaries, and with them your Majesty's ministers, do not desire that the Hawaiian youths should receive a superior education. They desire to keep the Hawaiians behind the times in ignorance and darkness; they intend to spoil their virgin souls with a put-up and usurious religion; to cool their warm hearts with a fictitious and venal morality; to have in decay their bodies with leprosy (which is nothing else than a loathsome venereal disease brought by sailors or by the missionaries themselves), and to ruin them and push them to the wall by the subterfuges of loans and mortgages, and similar other venal missionary-like proceedings; and then by the laws and courts in the hands of their own confederates, obtaining and appropriating to themselves the land, homes, and wealth of the good Abraham-like Hawaiians. Is not this like spoiling the work of the creation?

Mr. Neving Armstrong, a missionary's son and your Majesty's traveling companion (taken here for a shabby and gossiping barber), told me plainly in Naples, in a bravado way, ignoring with whom he had to do, "that he intended to take back to the islands the three (Wilcox, Booth, and Boyd), as he thought the Hawaiians unfit and unworthy of education, and that the white foreigners in the islands, who pay nine-

tenths of the taxes, ought not and would not give their money for keeping the nigger Hawaiians in schools abroad, and that the Hawaiians should be treated like the Indians in India by the English, and the Indians in America by the Americans." I placidly told this misplaced and noisy little fellow "that the three Hawaiian youths were sent abroad in my care by the King's command." To these words Armstrong, with the air of a great and mighty man, with emphasis said, "I represent the interests of the white foreigners and have very little respect for the King and very limited obedience to his commands." In fact, Armstrong tried to do so in Turin, by proposing to Wilcox to accompany the traveling, gossiping, and blundering Hawaiian party as far as the frontier of France; but Wilcox was warned by me through a telegraph dispatch sent to him a few minutes after I bade *bon voyage* to your Majesty at the railway depot in Rome, at 2 o'clock p. m., July 4, 1881, and Wilcox, warned fifteen hours in advance, answered with a refusal to Armstrong's proposition fifteen hours after.

Probably in the voyage around the world in bad company, your Majesty must have been swindled or spent more money than was required, and the \$15,000 appropriated for the three Hawaiian youths' traveling and school expenses may have gone where they had not to go. I understood that easily by your Majesty's answer in Naples when I asked the payment of the money advanced by me, my expenses, and salary, and from this comes the delay on your Majesty's part to pay me. But now three years have elapsed, and your Majesty had time enough to replace that money and to perform your duty toward me; but, alas for your Majesty and for the Hawaiian and foreigners' misfortune and disgrace, there is one Gibson to give bad advice and take advantage of men and things, and prepare the way for your Majesty to enter into the deep vortex of blunders and even of crimes, political, financial, and worse. * * * The wise, foreseeing, and trustworthy Scotchman, Mr. Wylie, minister of the Kamehamehas, often said that the then Mormon preacher, and always swindler and impostor, Walter Murray Gibson, was a dangerous man, and his arrival and staying in the islands would prove to be a calamity to the country. Will King Kalakaua be one of the victims?

John E. Bush, against my advice, has allowed himself to be conquered by the means of dinners, used as a trap, given to him by Gibson at the Hawaiian Hotel, and by Gibson's melliferous tongue and deleterious influence. The same did Jones, and through the credulity and weakness of these two Gibson made his first step into the privy council, which has been a viperous present that Bush and Jones gave to your Majesty, who now, in his turn, is conquered, like Bush and Jones, by the viper whose venom may be slow, but sure to kill, not physically, but financially first, then morally and politically. The *Mene Tekel Upharsin* of antiquity in Babylon can be repeated in modern times in Hawaii.

W. M. Gibson begged me many times and in different ways to suggest to your Majesty to appoint him a member of the privy council, but I always abstained from so doing for the reason that I knew *ex ore suo* the beast *intus et in cute*, and only on the evening of the 14th of August, in the *sanctum sanctorum* (private office) of your Majesty, in an earnest way said to your Majesty, "Now, please do something for Mr. Gibson," and your Majesty answered, "Gibson's bad antecedents abroad and in the islands are too much against him, and Hawaiians and foreigners do not trust him. Gibson's career here is known to all, and even some time ago Chief Justice Harris investigated judicially Gibson's bad antecedents for the purpose * * * ." Late in the evening, after having seen the childish conduct at the cabinet meeting of Messrs. Walker and Davidson, influenced by Gibson, I proposed to send Gibson to the monetary convention in the United States, and in this way keep at distance the venomous reptile, and this was more in view of your Majesty's safety than of mine (I can twist Gibson at my leisure and pleasure), for I soon smelt that our friends Bush and Jones were not fire-proof against Gibson's temptations.

To conclude, King Kalakaua has escaped from the hot water of missionaries only to tumble into the frying pan of the fugitive Holland colonies prisoner, Walter Murray Gibson, not for political crimes, but for felony. Your Majesty can ascertain this from the records of the East India Dutch colonies.

For your Majesty's benefit and warning I will relate the following:)

The day that my trans-Pacific cable bill was introduced in the Parliament by the honorable Luther Aholo, I, in the afternoon, coming out of Mr. Montano's photographic studio, met Mr. Gibson speaking with a fat Hawaiian at the corner of Fourth and King streets, opposite to the feed store of Mr. McIntire. Gibson called me and spoke to me in bad French (Gibson's knowledge of the French language being very limited), a very impolite thing to do in presence of persons who do not understand it. Gibson did the same thing once at a table at the Hawaiian Hotel to me in presence of the lawyer Davidson; a very low breach of etiquette. This fat Hawaiian was introduced to me by Gibson as the honorable Mr. Philipo, and after a few words more between them two, the fat Hawaiian left, and Gibson remained with me, and we walked slowly through King street, and Gibson had the floor all the time, and among

other things he told me the following, and I have a good memory to remember word for word correctly: "It is mostly due to the bad tongue of that man Philipo if I have not been a minister; that man has always been my enemy in every way and in everything; but in one thing we can agree: *To dethrone Kalakaua or compel him to abdicate and place Queen Emma on the throne of her deceased husband, and both be ministers together!!!*" To your Majesty to make the comments, and to Mr. Philipo to testify if I do tell the truth in regard to our meeting—not about the conversation, because he was gone.

TRAITORS AND PRISONERS ON THE ALTARS.

Nearly a year ago I sent a letter to your Majesty inclosed in one to our distinguished friend, Dr. McGrew, with the request to hand it personally, in which I asked you to settle my bill, and now again I ask the payment of my bill, because I have to pay heavy interest on the money I borrowed from Italy while I was in Berlin, also soon after my arrival in Italy, and that always for paying the three Hawaiian youths' expenses and mine; and Wilcox, Booth, and Boyd have seen in my room in Rome the Italian gentleman who sent me the money from Italy to Germany, and who gave me the other sum of money in my room in the early part of February, 1881, and they three even thanked him.

If I listen to the dictates of my heart, and for avoiding troubles to your Majesty, I would wait a little longer for the payment of the bill due to me, or even send a full receipt of payment, but the heavy expenses I had for many years, on account of my trans-Pacific cable project, have much reduced my financial resources, and the last loans made for the support and traveling expenses of the Hawaiian youths and myself through Europe, in obedience to your Majesty's commands, have rendered it impossible for me to do so, and compel me to demand my money. The three youths were to be provided with everything, and they were in want of everything, from shoes to hats; and the expenses of four persons from Honolulu to Rome, from the 30th of August, 1880, to the end of May, 1881, when the three youths were put to school, two in the south of Italy and one in the north, and traveling by land and sea, railroad fares and hotels, and all the other expenses from one country to another, though strictly economical, come very heavy in the end, especially when there is only one to pay and four to spend, and Booth, for his real or fancied sickness and fancied needs and foolish taste, has cost me more than each of the other two and caused me more trouble than the other two put together. Robert W. Wilcox is a good Hawaiian and a true man, with generous instincts and sterling qualities, solid soul and heart, and often told me and wrote me that he will never forget my attention and generosity towards him and towards the other two, and I sincerely hope that he will learn well in the school I placed him, and afterwards return to your Majesty's dominions and give the benefit of his superior education to his country, and he, R. W. Wilcox, will, in the future, as in the past, never be found in the ranks of the missionaries or of any other enemies of his King and country. R. N. Boyd is an impulsive, warm-hearted young man with quick intellect, but no firmness, and the contact and the influence of Booth has spoiled him, but now, being in Leghorn, separated from Booth, he will do better, and use in the right direction his natural intelligence and talent. J. K. Booth is entirely and diametrically different from Wilcox and Boyd, and I had even forbidden Wilcox and Boyd to speak with him, and often Booth quarreled with the other two, and caused me to interfere. Booth was the apple of discord on account of his utterances against your Majesty and the Hawaiian race, who ought to look upon Bishop Willis as the highest man in the islands, and the white missionaries as their superiors and benefactors; Booth is Jesuit, false, treacherous, heartless, vicious, and many of his sicknesses derived from vice and gluttony. Booth is already, and will be in the future, like Barber Armstrong, a bitter enemy of your Majesty and of the brown race. I had, at my expense, ample opportunity to study their character, and the above is my judgment.

I hope that this time I am not asking in vain for my money due to me for nearly four years.

I continue to feel a warm affection for your royal person and for the good-hearted Hawaiian people, who, like all brown-skinned, primitive races are honest, unselfish, good-natured, and sincere, but, like the other brown-skinned, primitive races, their rights and privileges are scornfully and mercilessly trodden under foot by the white aggressors.

While I resided in your Majesty's kingdom I used to keep my mouth closed as much as I could do so, without injuring my two enterprises, viz, the trans-Pacific cable and the trans-Pacific line of steamers, but I always kept my eyes and ears wide open, and noticed with sorrow the too much inferior inequality—political, social, and financial—in which the natives were compelled by the foreigners to remain on their own native soil, which has become sacred to them in memory of the heroism of their ancestors. If this inferiority is not shaken off now, and be quietly conceded in this

generation under the enlightened rule of your Majesty, it will harden into custom until the badge of inferiority will attach to the brown native Hawaiian for the exclusive benefit of the white foreigners as odiously as ever Norman noble stamped it upon Saxon peasant.

W. M. Gibson is a false friend of the Hawaiians. When your Majesty was under the influence and control of the missionary ring, King Kalakaua was considered a sovereign in want of backbone, but the honor was safe. Now under the pernicious influence and selfish control of the alien monopolist, Claus Spreckels, and of Gibson, an escaped prisoner loaded with crimes, King Kalakaua is considered a puppet in want of self-respect, in want of dignity, in want of horse sense, and of discriminating power, *and a monarch on his way to perdition, and the honor is lost.*

From the never changing friend,

CELSE CÆSAR MORENO.

P. S.—If His Majesty, Humbert I, King of Italy, and his Government have not recognized and guaranteed the independence of the Hawaiian Kingdom, as promised to me *a viva voce* by his Majesty King Humbert, in presence of Wilcox, Booth, and Boyd, on the 23d of March, 1881, in the Quirinal Palace in Rome, your Majesty has only to recollect the unwise and blundering and unkingly conversation had in Shanghai with the co-operation of Barber Armstrong, with the ex-chief of the padroni in New York, the self-styled Count Ferdinand Deluca, now minister of Italy in China, of whom, if you touch his person from feet to head, out comes the blood and sweat of the unfortunate Italian slaves of both sexes in the United States from 1867 to 1879.

That conversation, with the additional words of Barber Armstrong and Butcher Judd, was, by said Chief Padrone Deluca, in the form of a report, sent immediately to the minister of foreign affairs of Italy, with all that your Majesty said and made to say, with what Deluca said at the instigation of your enemies and mine—Armstrong and Judd—were all put down as said by King Kalakaua, who in this report written by Chief Padrone Deluca to the minister of foreign affairs of Italy, was painted in very dark colors, both in the character and behavior of a King and of a man. This report, as the fruit of your Majesty's unwise conversation with Chief Padrone Deluca in Shanghai, and your Majesty's quick credulity of Deluca's falsehoods, has alienated the sympathy of 30,000,000 of Italians with their King for your person, and has prevented the recognition and guaranty of the independence and neutrality of the Hawaiian kingdom by Italy, and have closed to your Majesty all the avenues to honor and royal reception in Italy, and to be considered an ungrateful, small, weak, mean, fickle, and blundering man and King, and if this were not enough, Armstrong did the rest with his barber tongue in China, in Egypt, in Italy, in France, and in Austria, against your majesty. This is the result of playing with fire and traveling with enemies.

I was made aware of this from a high personage on the 1st of January, 1882, as I gave a hint to your Majesty in my letter of that day and at the ministry of foreign affairs afterward in Rome.

In the voyage around the world in bad company King Kalakaua gained nothing either in prestige or politically, but lost greatly in sovereign's, statesmen's, and people's estimation.

Magna est veritas et prævalebit.

C. C. MORENO.

Mr. FELTON. With the permission of the committee and the consent of the gentleman, I would like to ask the gentleman a question.

Mr. MORENO. I am willing to answer.

Mr. FELTON. You appear to be very conversant with matters connected with those islands.

Mr. MORENO. Yes, sir.

Mr. FELTON. How long were you there?

Mr. MORENO. I was there from the month of November, 1879, to the 30th of August, 1880

Mr. FELTON. Were you connected with the Government?

Mr. MORENO. I was for a few days.

Mr. FELTON. How many days?

Mr. MORENO. From the 14th of August to the 18th of August, 1880.

Mr. FELTON. Have you any objections to telling us why the change was made, or the circumstances under which it was made.

Mr. MORENO. Well, *this good and great gentleman*, Mr. Spreckels, or his agents there, excited his confederates and sent some one to the King and intimidated him, and they made some serious charges against me, but so far they have substantiated none.

The man sent to intimidate the King, was the United States minister resident, James M. Comly, of Ohio, on the 18th of August, 1880, who, in the name and authority of the United States, demanded from the King that I should be asked to re-

sign my *portfolio* as minister of foreign affairs; certainly because the Spreckels and missionary rings knew well that I was not made of that stuff of men who are easily scared nor easily corrupted by their money, as it is the custom in that country.

[From the New York World, September 29, 1880. Special dispatch to the World.]

AN AMERICAN MINISTER AS A FOREIGN BULLDOZER.

WASHINGTON, September 28, 1880.

C. C. Moreno, late minister of foreign affairs of the Sandwich Islands, is in the city for the purpose of calling the attention of the Secretary of State to the question of how far the accredited representatives of this country are expected to interfere in the domestic affairs of the several countries to which they may be sent. General Comly, the American minister of Honolulu, having taken exceptions to the administration or policy of Minister of Foreign Affairs Moreno, succeeded in persuading King Kalakaua that he must retire him from his cabinet. Mr. Moreno holds that it was a clear case of bulldozing, in which the danger of involving the Sandwich Islands in unpleasant controversies with this country was made to appear so imminent that the King was virtually powerless to follow his wishes or exercise his judgment. Upon the return of Mr. Evarts from New York, Mr. Moreno, who is backed by letters from several of the most prominent men in this as well as his own country, will lay the whole case before him and ask for action by the Department.

[From the Washington Herald, October 3, 1880.]

NEWS POSTSCRIPT.

Mr. Celso Cæsar Moreno is here patiently awaiting the return of Mr. Evarts, in order that he may lay before him the true inwardness of Minister Comly's action in the Sandwich Islands. Mr. Moreno has been in Washington for years, and no one has ever questioned his ability or integrity. He comes here armed with credentials not only from King Kalakaua, but from all the authorities of the Sandwich Islands. If Mr. Moreno's statements are correct, Mr. Comly has been trying to exercise an authority which even the office of minister plenipotentiary would not justify. Mr. Moreno went to the Sandwich Islands for the purpose of establishing cable and steamship communication with the countries east and west. He asserts that Minister Comly has opposed every improvement that was proposed for the Sandwich Islands. They did not care to have a steamship connection with other countries, or a cable communication. The American minister seemed to exercise a sort of patronizing air over all the islands. He seemed to forget that Kalakaua was as much a sovereign as Victoria of England, William of Germany, or Oscar of Sweden, and Humbert of Italy, and threatened them with the vengeance of the United States if they did not do so and so.

According to Mr. Moreno, the King and people of the Sandwich Islands are in favor of improvement, but the missionaries fight the idea.

Kalakaua's ministry was opposed to the cable and steamship subsidy. Mr. Moreno, by his argument, defeated them, and in accordance with the English principle, King Kalakaua decided that a defeat made them unworthy of confidence. Then it was that he selected Mr. Moreno as his minister of foreign affairs. Comly, urged to it by the missionaries, as Mr. Moreno claims, made the fight a personal one, and insisted that Moreno should be dismissed. The pressure became so great that the dismissal took place; but acting upon the King's advice, Mr. Moreno came to the United States to lay the facts before the authorities here. On his way he called upon General Garfield, the Republican candidate for President, upon Governor Foster of Ohio, and other Republicans, all of whom indorsed him.

When he reached Washington he called immediately upon Mr. Secretary Sherman, who gave him a letter of introduction to Mr. Evarts, which he is now anxiously waiting to present. Mr. Moreno is very reticent with regard to his business here, but the fact has leaked out that there is a letter directed to Hon. E. F. Allen, the Hawaiian representative here, and signed by Mr. Bush, the present secretary of foreign affairs of Hawaii, in which Mr. Moreno's authority is completely recognized, and consideration is asked for him by the American State Department. In this letter charges are made that the representatives of the United States, of Great Britain, and of France have attempted to intimidate the Sandwich Islands authorities in the hope that each would gain the advantages over the other in favor of the country they represent.

If left alone the Sandwich Islands people would improve, and Mr. Moreno professes to be able to bring such facts to bear as will demonstrate that if the United States minister will keep his hands off, the sympathies of the people, as well as their busi-

ness interests, will tend to a direct connection with the United States; but if American ministers, egged on by missionaries, propose to build a sort of Chinese wall around these fertile islands, then Mr. Moreno thinks the Hawaiians will assert themselves, and seek for a recognition with a nation that will treat them as one of the family of nations, and not exercise a patronizing spirit toward them.

[From the Cincinnati Commercial, September 21, 1880, edited by the Hon. Murat Halstead.]

THE MORENO AND COMLY IMBROGLIO.

As there has been some question of the identity of Hon. C. C. Moreno, recently minister of foreign affairs of the Sandwich Islands, and projector of the trans-Pacific cable, that gentleman, now in this city, has procured the following letter from Governor Foster, of Ohio:

STATE OF OHIO, EXECUTIVE DEPARTMENT,
Columbus, September 20, 1880.

MY DEAR SIR: I had a very pleasant acquaintance with you from 1874 to 1876. We lived for a time in the same house in Washington, corner of Thirteenth and F streets. I favored and supported two bills you were then pressing upon the American Congress. My recollection of you is that of a pleasant, intelligent gentleman.

Yours, very truly,

CHAS. FOSTER.

Hon. C. C. MORENO.

It seems that Mr. Moreno has had some differences with General Comly, the American minister, who thought he was not acquainted with Foster and Garfield. He was mistaken. Moreno took ship and has traveled six thousand miles to identify himself beyond mistake. He spent Saturday with General Garfield at West Mentor. It is his opinion that General Comly is a very good man, who has been sadly misled by the missionaries.

PROTEST BY CELSO CÆSAR MORENO.

WASHINGTON, D. C., October 7, 1880.

YOUR EXCELLENCY: As I had the honor to state to your excellency this morning in presence of three Hawaiian young gentlemen, I now take the liberty to write it to your excellency's address.

That I have been grossly wronged by James Comly, United States minister at the Hawaiian Islands, and that I now respectfully ask to be righted by your excellency, according to right and justice.

Contrary to all international laws, usages, courtesy, and decency, unwarranted by any precedent, Minister Comly threatened His Majesty, King Kalakaua, to break relations between the United States and the Hawaiian Islands if the undersigned was not made to resign the portfolio of minister of foreign affairs of the Hawaiian Kingdom, under the pretext that I told a falsehood to him, Minister Comly, viz, that I was well acquainted with the honorable Messrs. Garfield, Foster, Sherman, and Schurz.

Since my arrival in the United States in last September I proved my assertions to be right. Are the proceedings of Minister Comly equally right?

Again, as I stated verbally, I ask respectfully, from the sentiments of justice and equity of your excellency to be righted of the gross wrong done to me by Minister Comly.

Your excellency's most respectful servant,

CELSO CÆSAR MORENO.

His Excellency W. M. EVARTS,
Secretary of State, Washington.

King Kalakaua to Celso Cæsar Moreno.

HONOLULU, February 19, 1882.

Caro Amico Mio:

I have to acknowledge the receipt of your letter dated Rome, 1st January, 1882. The handwriting I recognized at once as yours. It is indeed hard that the intercourse and the free exchange of thoughts between us from causes and uncontrollable events have been discontinued. But it is hoped at the beginning of this New Year all differences should be laid aside, old thoughts revived, and former friendships renewed. "On earth, peace and good-will towards men."

I felt glad that you have had a conversation with His Royal Majesty King Humbert. The appearance of His Majesty when I first saw him was most impressive. I met him as a sovereign and a king; I left him as a friend and a brother. Illustrious as his ancestors has been upon the throne of Italy, it is my sincere wish that the House of Savoy may continue to send its radiant light as a shining star of the first magnitude, its luster glowing with more brilliancy, and eclipsing even that of ancient Rome. My inspiration leads me to predict Italy will once again play a most important part in the political events of the future. Her aims and ambition of the past have learned her statesmen the lesson that empire's physical strength cannot continue long without its moral force. Her work, then, for the future, must be that of a good Samaritan—a mediator of the weak against the aggression of the strong. A moral conquest when handed to posterity would redound to her credit, that the weak may look up to her with gratitude and with pride as their mediator and liberator and their national savior.

I am glad to see from the illustrations in the papers and letters I have received from Vienna that their Royal Majesties the King and Queen of Italy have had a grand reception and right royal reception in Austria.

Our ship of State will soon enter into the arena of struggles and complications already predicted by our Hawaiian statesman, Hoapili, the end of which, without the aid of the powerful, will eventually succumb. It is a delicate position to maintain, but I am not fearful of the future. I hope to bring our ship of state clear of political rocks and shoals.

The loan of two millions of pounds sterling is again being agitated by the people. Gibson has been elected representative for Honolulu.

Those that were most foremost in opposition against sending our young men abroad are now just beginning to appreciate the value of it. Send me all the news concerning Italy.

The telegraph law will again be agitated this coming session of our legislature. During my visit to England I paid particular attention to this matter, and visited the "Maintenance Company" to make preliminary arrangements by which the laying of the cable could be accomplished. The main difficulty, they said, was the depth, which exceeded 2,000 fathoms to that of the Atlantic Ocean; the difficulty of having to provide for breakage, as the cables have to run over several atollic formations at this terminus, added to the original cost, would, in the opinion of the company, be a serious drawback to the laying of the cables. But I am not despondent; other means can be contrived by which the difficulties can be overcome, and I am sanguine that the whole cost will not exceed \$3,000,000 to \$4,000,000. It is a good opportunity to agitate the matter now, as the signs of the times are pregnant of great commercial results. The Panama Canal, the Nicaragua Canal route, the five new routes to California, the English northern route, all predict the coming activity. The news from Japan indicates commercial activity in that quarter, and an envoy will arrive here in a few days; perhaps the latter part of March. There is food for reflection at the coming future.

I am afraid I am consuming too much of your time, but I feel intensified when brooding over the events overshadowing the future. But it gives me relief at times to vent my feelings in this manner, and especially to those who I know appreciate my inward sentiments.

Aloha nui!

KALAKAUA REX.

Honorable CELSO CÆSAR MORENO,
Rome, Italy.

Action of the natives.

The meeting of Hawaiians was a very large one, ex-Minister Kaai acting as chairman. The following proclamation was issued:

WAY UP—CELSO CÆSAR MORENO!

"The voice of the people is the voice of God."

To all true-born citizens of the country, greeting:

We have with us one Celso Cæsar Moreno, a naturalized and true Hawaiian. His great desire is the advancement of this country in wealth and the salvation of this people by placing the leading positions of government in the hands of the Hawaiians for administration. The great desire of Moreno is to cast down foreigners from official positions, and to put true Hawaiians in their places, because to them belongs the country. They should hold the government, and not strangers. This has been the cause of the decrease of this people. Positions have been taken from Hawaiians and

given to strangers. C. C. Moreno desires to throw down these foreigners and elevate to high positions the people to whom belongs the land, that is, the redskins. This is the real reason of jealousy on the part of foreigners of this city, viz, that Hawaiians shall be placed above them in all things in this well-beloved country. C. C. Moreno is the heart from which will issue life to the real Hawaiians.

The above was the programme of the meeting of the loyal citizens expressing their disapproval of Comly's unpardonable petulance and mad and criminal interference in the domestic affairs of their fatherland.

Mr. FELTON. The King was compelled, through the impress of Mr. Spreckels, to remove you, was he?

Mr. MORENO. Spreckels and the missionaries. They confederated together to allow no improvements, such as I contemplated, to be made.

Mr. FELTON. What position did you occupy?

Mr. MORENO. For a few days I was a member of the cabinet—minister of foreign affairs.

Mr. FELTON. You had no investment in the island?

Mr. MORENO. I was there for the purpose of establishing this line of steamers and the cable.

Mr. FELTON. Now, speaking of the concession of land to Mr. Spreckels, were you aware of the fact that that concession of land was bought by Mr. Spreckels for the benefit of some 200 or 250 California gentlemen who had invested their money there?

Mr. MORENO. It was in the name of Mr. Spreckels, and not of any California gentlemen.

Mr. FELTON. You are mistaken; it is true it was gotten in his name, but for that purpose, and there was some million dollars invested by these gentlemen in it. This was land that required some million dollars to irrigate it before anything could be done with it. These lands are not owned by anybody in particular; it is not owned by any one man, but is owned by some 220 Californians, and it is a stock company. I say that for information of the gentleman.

Mr. BOUTWELL. I will ask you if you know the nationality of this Mr. Gibson you speak of?

Mr. MORENO. I do not know. Sometimes I hear he is an Englishman, and sometimes that he is an American; but, anyhow, Gibson came there as a Mormon preacher from Salt Lake City.

Mr. BOUTWELL. What is the date of that letter to the King?

Mr. MORENO. March 7, 1884.

Mr. BOUTWELL. When were you last in the islands?

Mr. MORENO. Thirtieth of August, 1880. I left the islands on the day 30 August, 1880, with three Hawaiian gentlemen intrusted to my care by the King, to be placed in the schools at Italy; which duty I performed correctly, with the King's ample satisfaction.

KALAKAUA, BY THE GRACE OF GOD, OF THE HAWAIIAN ISLANDS KING.

To CELSO CÆSAR MORENO, greeting:

Know ye, that we, reposing special trust and confidence in your wisdom, integrity, and fidelity, have constituted and appointed you, and by these presents, do hereby constitute and appoint you, a commissioner in charge and care of Hawaiian youths, proceeding to Europe for their education in foreign countries, to faithfully discharge and perform all the duties pertaining to said office, under the constitution and laws of our Kingdom. And all persons are hereby commanded to respect this your authority.

In witness whereof, we have hereunto set our hand and caused the great seal of the Kingdom to be affixed, this 30th day of August, 1880, and in the seventh year of our reign.

[SEAL.]

KALAKAUA REX.

By the King:

The Minister of Interior,
JOHN E. BUSH.

KALAKAUA I, KING OF THE HAWAIIAN ISLANDS.

To all who these presents shall see, greeting:

Being desirous for the good of our Kingdom, to render further assurances, declarations and pledges of a perpetual guarantee of the neutrality of our Kingdom by those of foreign nations, and having entire confidence in the integrity, talent, knowledge, and experience of our worthy subject, Celso Cæsar Moreno, Knight Grand Cross of the Order of Kapiolani, as a statesman and diplomatist,

We by these presents grant unto him, the said Celso Cæsar Moreno, knight, in character of our duly constituted and appointed ambassador to the Court of His Majesty

the King of Italy, envoy extraordinary and minister plenipotentiary, the most ample and full powers to enter into negotiations, discuss, and sign with ministers and authorities equally furnished with full powers from the Empires, Kingdoms, and Republics of Europe and of the United States of America, such assurances, declarations, pledges, and guarantees of perpetual neutrality of the Kingdom of Hawaii, or such treaties, conventions, or acts as he may judge to be fit and proper to answer our said purpose, and to conclude the same subjects as if we were personally present there approving of his ratification by and with the force of this appointment.

In faith of which we sign these presents with our own hand and have caused to be affixed to them the great seal of our Kingdom..

Done at the Kapiolani Palace, in Honolulu, the 30th day of August, A. D. 1880, and the seventh year of our reign.

[SEAL.]

KALAKAUA REX.

By the King:

The Minister of the Interior,
JOHN E. BUSH.

On the day 27th of September, 1880, I was in Washington, and Claus Spreckels was in Honolulu, and he became aware that I was intrusted by the King and by his ministry of a diplomatic mission abroad. Spreckels, fearing that I would ask from the United States Government the abrogation of the reciprocity treaty, which thing probably I would have taken into consideration, and the United States minister, *great* General Comly, fearing on his part that I would have demanded his recall from the Secretary of State, which thing I was determined to do, both went together and compelled the King to cancel my credentials, by first compelling my colleagues to quit the ministry and being replaced by men chosen by Spreckels. These outrages were perpetrated by using and abusing of the authority of the United States flag and name and the reciprocity treaty.

Thus, Mr. Chairman, you can see that by this reciprocity treaty the Republic of the United States has created a new state of things in the history of the world by elevating to the dignity of a despotic king of kings in the person of a Dutch corner grocer from San Francisco, by name Claus Spreckels.

MACKEREL FISHING.

HOUSE BILL NO. 5538, RELATING TO THE PROHIBITION OF THE CATCHING OR LANDING OF MACKEREL DURING THE SPAWNING SEASON.

The following communication was addressed to the chairman of the subcommittee on importation of fish:

UNITED STATES NATIONAL MUSEUM,
THE SMITHSONIAN INSTITUTION,
Washington, February 17, 1886.

DEAR SIR: In reply to your questions of this date, relative to the mackerel fishery—more particularly the spring or “southern” fishery for the mackerel—I have the honor to submit the following statements of fact. These statements are based upon my own personal experience, upon representations made to me by parties interested in the industry, and upon statistics which have been gathered by the United States Fish Commission. Knowing that there is considerable variance of opinion in regard to the desirability of placing a restriction upon catching mackerel in the early part of the season, I deem it best to confine myself to facts only, so far as possible, rather than to an expression of ideas or opinions of my own, which might meet with censure or praise, according to the standpoint from which they would be viewed. I beg, also, to say that since Professor Baird, the Commissioner of Fish and Fisheries, has submitted to your honorable committee an expression of his views on this matter, you will, of course, understand that the statements which I make here must be considered unofficial.

(1) I am at present, and have been since August, 1879, serving in the capacity of assistant United States Fish Commission, my special duty having been a study of the sea fisheries of this and other countries, more particularly the methods of capture, apparatus, fishing grounds, habits and movements of fish, &c. For thirty years previous to my engagement, or connection with the Commission I followed fishing from New England, and of this period I was employed twenty five seasons in the mackerel fishery. My experience, therefore, covers a period of thirty-six years, thirty years in the cod, halibut, and mackerel fisheries, and six years as an expert engaged in the study of these and kindred industries.

(2) The following is a list of the vessels employed in the spring mackerel fishery in 1885, as compiled by W. A. Wilcox:

	Sail.
From Gloucester, Mass	102
From Boston, Mass.....	6
From Harwichport, Mass.....	6
From Dennisport, Mass.....	4
From South Chatham, Mass.....	3
From Provincetown, Mass.....	3
From Wellfleet, Mass.....	2
From Cohasset, Mass.....	6
From Portland, Me	19
From North Haven, Me	17
From Booth Bay, Me.....	5
From Southport, Me	3
From Deer Isle, Me.....	4
From Camden, Me	2
From Eastport, Me.....	1
From Cranberry Isle, Me	1
Total	184

(3) In reply to the question of “what is the effect of unrestricted fishing upon the total weight of catch?” I have to say that this can only be conjectured. With the catch totally unrestricted the amount of mackerel taken between March and June may vary from one-eighth to about one-fourth of the season’s catch; in 1885 it probably exceeded one-fourth, though there are not at hand any accurate statis-

ties of the amounts taken in this period. It is, however, known that about 75,000 barrels of fresh mackerel were landed, and it is claimed that more than that amount were thrown away for lack of a market or because they were unfit for food. Probably 25,000 barrels were salted in the same period. But it is claimed by those best qualified to know, or at least who have followed the mackerel fishery for many years, that if the spring fishery is restricted there will be a heavier catch of mackerel later in the season, when the fish are in much finer condition for food. It is asserted, apparently with good reason, that the extensive operations carried on with purse seines in the spring, when the mackerel are migrating north, has a tendency to divert them from their intended course; they are driven off shore and frequently fail to reach their natural feeding and spawning grounds in the Gulf of Maine. This is believed to be especially the case with the larger mackerel, which, as the season advances, grow fat and become the best qualities known to our market. Where these fish go is not clearly understood, and this is one of the problems which the Fish Commission hopes to solve in the schooner now being built with the appropriation made by Congress last winter.

(4) The effect upon the quality of the catch, should a restriction be put upon spring fishing, would, of course, be to improve it very materially. This is well known to every one who has any knowledge of the species. The improvement in quality would be due to two causes: (1) fish taken before June 1 are poor and thin, but after that date they fatten rapidly, and soon reach their maximum of fineness as an article of food; (2) if the fish are undisturbed in the spring and allowed to deposit their spawn during the most critical period of their existence, it is believed that the size of the fish will improve very materially, and that No. 1 mackerel, of full size and best quality, may again become fairly abundant in our markets and an article of food for any person of ordinary means, instead of being so rare that they have become a luxury and attainable only by the wealthy, if attainable at all.

One thing is certain, whereas mackerel now taken before June 1, as above stated, are always poor and generally small or medium size, those taken after that date are mostly fat fish and very much more valuable for food, containing a far larger amount of nutritive qualities in proportion to the actual weight of the fish when taken from the water.

(5) The "effect, as relates to the cheapness of mackerel as measured by its real qualities as food," has been partially answered above. That the fish caught after June 1 will bring a higher price than those taken before that date goes without saying. But the poor spring mackerel, when salted, form a very inferior article of food, and fill about the same place in our markets as the cheap grades of herring, unless, indeed, they fall into the hands of unprincipled dealers, who "brand them up," as it is called, selling poor fish under a higher grade name, and thereby defrauding the consumer and very seriously injuring the business of catching and marketing mackerel. To what extent this is done I do not definitely know, but those engaged in the trade state that the custom is very prevalent of late years in those States not having any laws governing the inspection or sale of mackerel. In the interest of the consumers of these fish—the American people—it is unquestionably desirable that they should be protected from frauds of this character; but just how this can be done, or whether it can be done or not, I am not prepared to say. It is for Congress, in its wisdom, to solve this problem, if it admits of solution. The fact is patent, however, that there will be less opportunity for the practice of this evil if spring fishing is restricted, since the supply of poor material will be considerably decreased, and the fish thrown on the market will be of a very much higher grade, on the average.

(6) Your sixth question, "The probable effect of restriction during the spawning season upon total weight of catch," has been answered briefly under No. 3.

(7) You ask, "Will this make mackerel no higher to consumers, but more suitable for eating, hence insuring consumption and the popularity of the fish, followed by the unlimited supply of good fish?"

I have already said something of the price. It should be understood that the price, in accordance with the laws of trade, will be governed largely by the supply and demand. If by putting a better quality of goods on the market the confidence of the purchaser is secured, and the demand for these fish improves in proportion, it may reasonably follow that the price will increase, simply because the consumer finds a fuller gratification in paying a fair amount for an article which meets with his approval and satisfies his appetite than he would find in securing a much poorer article of food for a merely nominal sum.

It is claimed by many, both dealers and fishermen, that a direct result of putting a better average quality of fish on the market would be to increase the popularity of the mackerel with our people, a popularity it once enjoyed in a pre-eminent degree, and as a consequence the consumption of this species would be much larger than now. A balance-wheel, or regulator it may be called, which would prevent the price ever reaching a too high figure under ordinary conditions is this: As soon as the demand improves, and anything like reasonably paying prices can be obtained, the immediate

result will be a very material increase in the number of men and vessels employed. And considering the rapid growth of the United States, the accumulating millions to be fed, and the greatly increased facilities for transportation, there seems little reason to doubt that, notwithstanding the improved methods for the capture of mackerel, if its former popularity can be restored, the pursuit of this species may in future years, as in the past, employ a fleet of upwards of 800 sail of vessels instead of less than 400, which are at present engaged. This may seem strong ground to take, but when we consider that a catch of upwards of 400,000 barrels of mackerel found a market in 1831, with the population of our country infinitely smaller than it is now, the statement will not, I trust, appear to be an exaggerated one.

The cry of the age is "cheap food." And to a certain extent this seems entirely proper, and a matter deserving the profoundest consideration and care of those who have controlling power. But if cheap food means inferior articles of food, food which lacks in the qualities of nutriment and flavor, food that disappoints the purchaser and instills into his mind a prejudice against anything that bears its trade name, then cheapness fails to benefit the public in the sense in which it ought to. The average person who goes to market to buy fish for his table cannot be expected to be conversant with the different grades of mackerel, at least not enough so to make a good selection. A mackerel is a mackerel to him, and if he chanced to get a good one he will return for another; but if the first trial results in disappointment it can scarcely be expected that the experiment will be repeated. So, although the fish may be *cheap*, it falls into disuse with a large number of consumers simply because it fails to gratify the needs and expectations of the purchaser, who thereafter prefers to put his money elsewhere.

One of the largest dealers in mackerel in the United States has told me that in his opinion the demand for good mackerel could not be supplied if "the inferior trash" could be kept out of the market.*

On the other hand, large quantities of spring mackerel are sold fresh, and the dealers in these claim that they supply to New York and adjacent towns and cities food for the poor at the lowest possible rates. It may perhaps be difficult to properly balance these various claims so as to determine fairly what is best for the consumer and producer.

The fishermen who engage in the spring mackerel fishery state that at the best it is a very unprofitable business on the average, and this statement comes from the most expert, such as Capts. Sol. Jacobs, Henry Thomas, Joseph Smith, John Chrisholm, and many others of Gloucester, while on the other hand *two* captains, John Y. McFarland and Robert Smith, and *one* firm in Gloucester are opposed to a restriction of the fishery in any particular.

I am informed that the dealers and fishermen along the coast of Maine are very unanimously in favor of restriction, and Capt. Jesse Freeman, formerly manager of the fishing company at Wellfleet, Mass., very positively asserts that all the people on Cape Cod are similarly inclined.

It may well be asked why these people engage in a business which is unremunerative, and to which they are so greatly opposed. The answer is this: As a rule some 4 or 5 vessels make profitable voyages in the spring, and 2 or 3 of these may secure large returns. This is, of course, a small percentage of the fleet of from 100 to 185 sail. Nevertheless, the hope of securing the *prize*, the same hope which prompts men to invest in lotteries, tends to induce people to engage in a business which, so far as financial returns are concerned, is certainly somewhat hazardous. As an illustration of the uncertainties of the business, and as showing the possible meagre returns secured, the following statements are of interest: Hon. Isaac A. S. Steele, of Gloucester, says that his schooner, the A. R. Crittenden, caught 800 barrels of mackerel in the spring of 1885, and realized from the sale of these fish \$87.50. Captain Hodgdon, master of schooner Ralph F. Hodgdon, of Gloucester, says he caught 450 barrels during the same spring and realized \$68.

It is argued on the part of those who are opposed to a restrictive law that such a law would be in the interest of the dealer or "speculator," and would conflict with the best interests of the poor man engaged in fishing. Others reply that the captains and fishermen in favor of the law have precisely the same relations with the dealer; that anything which may tend to improve the quality of the fish, increase the demand, &c., will be a direct benefit to the dealer and fisherman alike, since their interests are practically identical. I leave it to you to judge which is the best argument.

(8) In 1885 there were 358 vessels and 5,425 men employed in the mackerel fisheries of the Atlantic coast. These sailed from the following ports:

Biddeford, Me.	1
Booth Bay, Me.	12
Bristol, Me.	1
Deer Isle, Me.	3
Eastport, Me.	1

*"Inferior trash" is poor fish, and in season all are fat and good.

Harpswell, Me	1
Caunden, Me	2
Cranberry Isles, Me.....	3
Matinicus Island, Me	1
New Harbor, Me	1
North Haven, Me.....	16
Port Clyde, Me.....	1
Portland, Me	55
Rockland, Me	1
Swan's Island, Me	7
Southport, Me	10
Vinal Haven, Me	2
<hr/>	
Total for Maine	118
<hr/>	
Portsmouth, N. H	1
<hr/>	
Barnstable, Mass	1
Boston, Mass.....	18
Dennis, Mass	4
Chatham, Mass	4
Cohasset, Mass.....	3
Gloucester, Mass.....	146
Harwich, Mass	6
Newburyport, Mass	1
Plymouth, Mass	2
Provincetown, Mass.....	15
Wellfleet, Mass	36
<hr/>	
Total for Massachusetts	236
<hr/>	
New London, Conn	1
New York, N. Y	1
Philadelphia, Pa.....	1

NOTE.—The last vessel was fitted at Portland, Me., and manned from that port.

(9) The exact range of the spawning season of the mackerel on our coast has not yet been definitely determined by accurate scientific investigation. But my own observation leads me to believe that the majority of this species spawn chiefly during the latter part of May and in the month of June. At this time the fish appear to sink out of sight for two or three weeks, this occurring some seasons a little earlier or later than at other times, owing probably to the varying temperature of the water, and it is said that "they have gone down to spawn." Comparatively few fish are taken at this period, and when they again appear at the surface they fatten very rapidly, since food is abundant and they pursue it with great eagerness. While the above may be taken as generally accurate, there are variations to the rule, and it is only by a long series of careful observations that exact data can be obtained. In the Gulf of St. Lawrence, in accordance with a general law of nature that temperature governs largely, the mackerel spawns at a somewhat later date, the bulk of the fish performing this function in July.

In closing this letter I have to say that it is a matter of some regret that the pressure of other engagements has limited my time much more than I could have wished, and I fear that it is possible that there is, at least, a partial failure to cover the whole matter in a comprehensive manner, and to make it as clear as it should be.

If I have seemed to be argumentative in some places, I beg to say that it is not my purpose to foist my own opinions on you or the honorable committee of which you are a member. My only purpose in adopting this style is to show as clearly as I can the merits of the question under consideration, and leave you to draw your own conclusions. That I hold opinions I will not deny, and, individually, I have no objection to expressing them. It does seem, however, that such expression may not be needed in view of the facts here presented.

I assume that you are aware that there is a great variance of opinion as to whether it is right or just to pass a restriction law to go into force this year. Some claim it will be a hardship on those who are depending on engaging in this fishery this year, while others look at the matter from another standpoint entirely. The evidence before your committee will probably give you all necessary information on this point.

Trusting that this communication may be of some service to you,

I have the honor to be yours, very respectfully,

J. W. COLLINS.

Hon. CLIFTON R. BRECKINRIDGE,
House of Representatives.

HAWAIIAN TREATY.

SATURDAY, *February 27.*

STATEMENT OF MR. FELTON.

Mr. FELTON, of California. Mr. Chairman, I desire to make some remarks in reply to some statements made by Mr. Moreno, who seems to be very well posted not only with the history of these islands, but with the character of this very remarkable man, Mr. Spreckles. That Mr. Spreckles is a man of wonderful energy, indomitable will, and great brain power there is no question; that he has used this treaty to the best of his ability for his own benefit there is no question; that he was opposed to the treaty before it was made there is no question, but after the treaty was passed, like most keen business men, he took advantage of the circumstances. There are traits in his character that I admire very much; perhaps there are some not to admire so much. Perhaps he is a little too aggressive. But Mr. Spreckles came to the Pacific coast a quarter of a century ago, as we used to term it in the common parlance of the country with his blankets on his back; he reared a family as respectable as that of any gentleman there—taking all in all a remarkable family for commercial sense and ability; his entire wealth he has accumulated in that country, and it is in that country still. He has employed in and about San Francisco from 800 to 1,200 men, and there is not a man employed in connection with Mr. Spreckles that does not love him. There may be many men not connected with him who feel quite unfriendly toward him. The gentleman would convey the idea that Mr. Spreckles's action was in the interest of Germany. Nothing could be further from the fact. From my own personal knowledge and association with the man and his interests, I am prepared to say that he is as true an American as any man on the North American continent to-day. In all his gifts and all his acts of charity and in everything else he has proven himself to be a pure American. There is nothing in the idea, I think, that the gentleman has intended to convey.

Now with regard to these lands of which he states the people of the island are dispossessed. The cost of the iron pipe to irrigate this land was something over \$800,000. When the land was gotten it was an arid plain and a barren waste—much of such country as we have on our coast, utterly worthless and good for nothing, but by the masterly ability and energy of this man and those associated with him they made two blades of grass grow where none grew before.

Now, sir, with regard to the concessions that were gotten. These concessions were gotten by Mr. Spreckles from the Government, as I understand it, and as the people of San Francisco understand it, for gentlemen who desired to invest in that market for the purpose of making some money. The number that are interested in that company I do not know. It is a stock company and changes are frequent, and there has not been very much money in it, but there has been considerable trouble over it, as the history of that country shows. As to the monopoly of Mr. Spreckles, he did for a time have such a monopoly, but he didn't monopolize it by anything contained in this treaty. He monopolized it by his power of concentration; he monopolized it as many throughout this country to-day have monopolized, by the concentration of wealth, tending to the benefit of the few, and perhaps against the interests of the many. But there is nothing of that kind in existence now in that country; it is broken up.

And in this connection I will say that the price of sugar in San Francisco has always been ruled, and price paid to the islanders was the price of Manila sugar; so that the monopoly of Mr. Spreckles, if any there was, is simply a question of the man, and not of the treaty. Now, so far as this American influence is concerned, every cabinet officer in that country is an American. Almost every man in the Government to-day is an American.

Mr. MILLS. How many cabinet officers are there?

Mr. FELTON. I do not know.

Mr. MORENO. There are four.

Mr. MILLS. What are the titles of the cabinet officers?

Mr. CARTER. Minister of foreign affairs, minister of the interior, minister of finance, and attorney-general. Three are Americans.

Mr. MILLS. Who fills these places?

Mr. CARTER. Mr. Gibson, who I believe is a native of South Carolina, is minister of foreign affairs; Mr. Charles Gulick, who is the son of an American gentleman, and I think a missionary, is minister of the interior; Mr. Neuman, of California, is attorney-general, and the minister of finance is a Mr. Kapena, a native.

Mr. FELTON. Now, the gentleman talks about the monopoly of the privilege of lending money in the island. I don't know what it has been in the past, but I know that at present there are two American banks there, and I know that in one of them Mr. Spreckles has no interest whatever. I think he is connected with the other, but does not control it. He does not own a majority of the stock in it. That I know positively, because I know who the parties are. And so if there is anything of a monopoly of the lending of money in the island, it is simply a question of the sufficiency of security and the sums desired, as it is in any other country. I do not desire to take up the time of the committee, but I would like to file some statistical facts in relation to this matter, as to the benefits of the trade with that country.

Committee thereupon adjourned until Monday, March 1, 10 a. m.

STATEMENT OF MR. FELTON—Continued.

In addition to what I have said, I desire to add that according to the last census returns in 1885 the number of American residents was 2,066. Their business embraces every line of trade, besides large interests in the sugar plantations. No less than seven-eighths of the capital invested on the islands belongs to Americans. The treaty has settled the question of American influence over the islands in return for the possible annual loss in revenue. We have obtained the great impetus that has been given to American trade, and which is shown in the tables given below.

There are eighty-four sugar plantations on the Islands, three-fourths of which, I am credibly informed and believe, are owned by American capital. There are two banks in Honolulu, both of which are owned by Americans.

A complete and well-equipped marine railway, capable of receiving vessels of 1,500 tons, has been built, and is owned by Americans, at a cost of \$100,000.

The retail business on the islands is mainly in the hands of Americans.

His Majesty the King's responsible ministers and advisers are, with one exception, all Americans. Most of the important government offices are held by Americans, and all the representatives of the Hawaiian Kingdom who are resident in the United States are Americans and were born under the Stars and Stripes of the United States.

The annual custom-house tables show in detail the trade relations of the islands with other countries. I briefly deduce a few facts from these statistics in support of the position that the reciprocity treaty with Hawaii is of great and direct benefit to the United States, viz:

The Hawaiian imports for 1884 amounted to \$4,637,514, being an average of \$50 per capita for the population of 80,000. Of this amount, no less than \$3,367,583, or \$42 per capita, being three-fourths of the whole, was received from the United States. The total volume of import and export trade amounted to \$12,615,423. The imports at the islands by countries stand in the following per centage: United States, 72.59, Great Britain, 16.59; Germany, 4.85; Australia and New Zealand, 1.64; China, 3.86; France, 0.44. The principal imports from this country are boots and shoes, bread, books, bricks, building materials, cereals, canned goods, clothing, dry goods, furniture, groceries, hardware, hay, leather, machinery, live-stock, cigars and tobacco, butter and provisions, salmon, and general merchandise. Out of a total of 241 merchant vessels, of 187,826 tons, arriving at the islands during the past year, no less than 190, of 135,618 tons, were from the Pacific coast, the remainder being from Eastern ports. This is exclusive of 27 American whalers of 6,975 tons. These figures are sufficient proof, if indeed any were wanting, of the importance of our trade relations with Hawaii, and show the necessity for a continuance of the reciprocity treaty.

The tonnage statistics of San Francisco during 1884 show that the European ports, including Great Britain and Ireland, were represented in San Francisco by 101 sailing vessels; the Hawaiian Islands trade was represented by 100 sailing vessels. Of course the tonnage was in favor of Europe, but Hawaii stands sixth on the list of all countries. If the steamship tonnage exclusively engaged in the Hawaiian trade were added, the total for 1884 would have been 104,108 tons, which would make it third for tonnage on the

entire list. Omitting China, the passenger travel with Hawaii in 1884 was only slightly exceeded by that of the neighboring province of British Columbia, while Australia and New Zealand were considerably less.

The following figures show a few important facts, viz:

Vessels built on the Pacific coast for inter-island trade, since treaty, sail, 16; steam, 12; tons, 5,073; cost exclusive of fitting	\$556, 530
One iron steamer, 900 tons, built at Philadelphia for inter-island trade.....	130, 000
Built on Pacific coast for Hawaiian trade with San Francisco, 10 sail-vessels, 2,466 tons; cost exclusive of fittings.....	175, 000
Alameda and Mariposa, iron, built by Cramp & Sons, Philadelphia, 3,000 tons each; cost	1, 000, 000
Steam-tugs, built at Philadelphia	90, 000
Iron pipes for irrigation in islands.....	800, 000
Fittings foregoing steam and sail vessels	490, 000
Total	3, 241, 530

To this total of over three millions of dollars must be added the monthly disbursements for wages and supplies, which is a very important item in our local trade. It will seem, therefore, that, apart from the profits upon our increased Hawaiian trade under the treaty, employment has been found for our manufacturers and skilled mechanics in a direction which would not otherwise have been open to them. The direct and indirect advantages, therefore, under the treaty will in time, if not now, far outweigh the apparent loss of revenue.

The Oceanic Steamship Company are also now contracting for the construction of a larger steamer than any heretofore built, at a cost of \$600,000. This will circulate money in the East, and, when completed, will form the fourth American steamer running regularly between San Francisco and the Hawaiian Islands.

There are also fifty coasting schooners trading between ports on the different islands that were all built in the United States.

From 1868 to 1875, the year before the treaty, which went into effect in September, 1876, the total amount of annual average trade of the United States with Hawaii was \$1,950,000. It was \$12,014,528 in 1883, just eight years afterward; so it is evident that the treaty alone created this growing and important trade, and that without it our annual transactions with the Hawaiian Islands would not exceed \$2,500,000.

Hawaiian consular reports show that the goods shipped from San Francisco to the islands were as follows, viz:

From July 10, 1885, to September 30, 1885.....	\$626, 039 03
From October 1, 1885, to December 31, 1885.....	784, 851 49
Total	1, 410, 890 52

For five months and twenty days from the port (San Francisco) to the Hawaiian Islands.

STATEMENT OF MR. H. A. P. CARTER.

Mr. H. A. P. CARTER. In approaching a subject of this kind, where I propose to make a statement, I prefer to have before me memoranda of points to which to refer, and also to be able to give the page and origin of the statistics which I should present, so that they may be afterwards referred to. In making such a statement I should like to be perfect, open, frank, and in case any of my statements are misunderstood to have questions asked me which would clear them up. That is my desire. The policy of the continuance or discontinuance of this treaty, of course, rests with you gentlemen very largely, but in regard to the facts I think my connection with the treaty and with the Hawaiian Government has given me larger opportunities to intelligently understand it than the attention which you gentlemen, with your multiplicity of duties, could be expected to give it. Therefore it would be a pleasure for me to make a statement now, but in the absence of the memoranda and data I am not prepared to do it.

The CHAIRMAN. Can you do it hereafter in writing?

Mr. CARTER. I could do that, but I think it would be very unsatisfactory to me, and it would be to you also, I think. You can get more information from me, probably, by asking me questions when I have this data and memoranda before me than you could from any written statement I might make; and in a written statement I might perhaps touch on points that you would not care anything about.

Mr. MILLS. The question with me is whether this treaty is beneficial to the United States and to the Hawaiian Islands. All this about the history of the country I do not care anything about.

Mr. CARTER. Of course I think if any foreign trade is beneficial to the United States a foreign trade like ours, which takes from you almost every variety of production you raise, must be beneficial to the people of the United States; a trade which employs your commerce so largely in proportion to its volume; a trade which employs so many vessels that now one-fourth of the whole number of vessels entering San Francisco under the American flag engaged in foreign trade are engaged in the Hawaiian trade.

Mr. MILLS. What is your present tariff on foreign goods?

Mr. CARTER. Ten per cent. on the generality of goods, but it is 15 per cent. on some, and on spirits it is very high—\$3 a gallon.

Mr. MILLS. It was stated some time ago, in the discussion when it was up in 1876, that you had a horizontal tariff of 10 per cent. on everything. That is a mistake, is it?

Mr. CARTER. That is a mistake. On almost everything it is 10 per cent., but, as I say, there are articles on which the duty is 15 per cent., and on others, such as spirits, there is a specific duty. The great body of articles, however, have a duty of 10 per cent. There are several things connected with this treaty which I think has escaped observation. The press has been filled with statements that will bear investigation, and these statements have made certain impressions which I think are not fair impressions. These press statements merely reflect the ideas that have obtained currency among people on your side without waiting for the proper tribunal to hear them; and this committee we look upon as the proper tribunal to hear these statements.

I do not think we shall take much of the time of the committee, and we will be entirely at your service on any day named. The statements which Mr. Searles has made I hope to show are figures that will bear re-examination, and I hope to show that in some cases they convey an impression different from the impression that I hold; at all events, with reference to that trade, I think, Mr. Chairman, we shall make a pretty strong case in favor of the very lucrative trade now existing between the Hawaiian Islands and the United States.

Mr. MILLS. I wish to ask you some questions relative to statements made by Mr. Moreno here. How about these Hawaiian people being dispossessed of lands by this Mr. Spreckles?

Mr. CARTER. The crown lands sold the commercial company, of which he speaks, was an arid plain. I have ridden over it many times. There was not a house between the seashore and three or four miles inland. It was used for pasturage in the rainy season, but the rest of the year it was a dusty plain. It was only made valuable by this California company bringing water from one of the mountain streams by means of a ditch several miles in length.

Mr. MILLS. There were no natives living on it at all, were there?

Mr. CARTER. No, sir; well, I would not say that. There may have been a few fishermen's houses, but when the grant was made there was an express stipulation that they should not be interfered with, and in all grants of Sandwich Island lands there is a reservation for the protection of "kuleanas," as they are called.

Our land system formerly was a feudal system, and some years ago, when the new order of things was introduced and a representative government established, it was found that the feudal system was inconsistent with the ideas of the present day, and it was abolished. In the olden time the ownership of everything vested in the King; under the King chiefs held it, and under the chiefs in each valley or division of land there would be a headman, the headman being responsible to the chief and the chief responsible to the King, but all holding by will of the King. When the feudal system was abolished the King gave up his rights in all except certain reserved lands. The lands were known by name, and generally were measured by mountains running to the sea. The lands are mountainous, and across there are deep ravines running to the sea. Each valley would have a name, and that valley from the sea up to the summit of a mountain would be named by one name. That would be held by one chief responsible to the King. I say when the feudal system was abolished the King reserved certain lands for himself, certain lands for the crown, and certain lands for school purposes. Then other lands were partitioned out to the chief, and to some headmen where the chief had died. In that partition the common people, every one of them, was to receive a title in fee-simple to the land on which he was then living and which he might have under cultivation. All he had to do was to go before the land commissioners, make the claim that it was his homestead, that he had so much land under cultivation, and the land commissioner sent a surveyor to survey it and gave the holder a title in fee-simple upon the payment of a small fee.

Now, these "Kuleana" rights, as they are called, have always been respected, and in

the granting of all Government lands there has always been that reservation, and there has been nobody dispossessed except of his own free will.

Mr. MILLS. What is the condition of your people now contrasted with that of ten or twelve years ago? You heard Mr. Moreno's statement in regard to beggars going on the streets.

Mr. CARTER. I think that is a mistake. I never saw anything of that kind. The changes that have occurred on account of the increased activity brought about by trade are similar to changes that would occur in any of your manufacturing towns. For instance, if you take one of your villages anywhere here in this country and set up a factory there of course you introduce laborers and there is a different class of people comes there. And so the class of foreigners there in our country differs from what the population was previously. Those that were there before were simply missionaries, merchants and shippers, and a few mechanics. Now there are mechanics in all branches of trade with their families living there; there are engineers, overseers, farmers, and everything like that.

Mr. MILLS. There has been a large accession of population from China, I believe?

Mr. CARTER. The accession from China was some years ago. For some years past, however, an imperial edict of China has forbidden the embarkation of any Chinese subjects to Hawaii. The Hawaiian Government at first limited the number of Chinese that could come in, and then it was absolutely prohibited, making the concession, however, of allowing steamers to bring in not more than twenty-five on any one steamer. That concession was only made because under treaties with the United States and Great Britain we could not stop a mail steamer to try the captain for violating the law if it had a few Chinamen on board. Now, under the limitation as to the number of Chinese they can carry, it does not pay a vessel to make a voyage from China to bring such a number as twenty-five. So that the limitation amounts to prohibition. That was, however, not because of any difficulties we have ever had with the Chinese.

Mr. MILLS. Now, about your legislature; you have two bodies of the legislature?

Mr. CARTER. Yes, sir; but they sit together.

Mr. MILLS. What do they call the upper house?

Mr. CARTER. House of nobles, and the other the legislature. The two sitting together we call the legislative assembly.

Mr. MILLS. The house of nobles holds for life, do they?

Mr. CARTER. Yes, sir; appointed by the King.

Mr. MILLS. Of what nationality are they, generally?

Mr. CARTER. Of course they were originally native chiefs; but as the race has died out their sons and descendants are substituted as far as possible, but a large number are foreigners, generally those foreigners who have married Hawaiian women of any rank.

Mr. MILLS. What position does Mr. Spreckles occupy in your Government?

Mr. CARTER. None at all. He was decorated by the King, the same as dozens of other gentlemen have been. He is not knighted, but the King sent him the order of Kalakaua, a star which is worn around the neck; but this matter of his being a knight, or *Sir* Claus Spreckles, is a mere matter of jest.

Mr. MILLS. What is the number of the upper house?

Mr. CARTER. The constitution fixes the number at twenty; the lower house, I think, is thirty odd now.

Mr. MILLS. How many Americans are in the lower house?

Mr. CARTER. In the last house I suppose there were six or seven—that is, calling themselves Americans, the sons of American citizens born there. Taking these as Americans, I suppose there are six or seven.

Mr. MORENO. I would say there are Englishmen and Scotchmen and Americans in it.

Mr. SEARLES. I would like to ask Mr. Carter when the edict prohibiting the importation of Chinese was issued?

Mr. CARTER. I cannot give the exact date, but I will look hereafter at the dispatch from the Chinese minister. The Chinese minister informs me that the edict had been in force for some time. I cannot give the date.

Mr. MILLS. Have you universal suffrage there?

Mr. CARTER. The suffrage is limited by a property qualification and an educational qualification. A man must be able to read and write, and he must be possessed of an income of, I think, \$25 a year. The qualification for membership in the legislature is higher; I think it is an income of \$250 a year.

Mr. MILLS. Have you any fine ports?

Mr. CARTER. Honolulu is a fine port.

Mr. MILLS. About how wide across is it?

Mr. CARTER. I could not say; but I have seen as many as two hundred and fifty vessels in there at one time.

Mr. MILLS. What is the depth of water?

Mr. CARTER. From 17 to 30 feet.

Mr. MILLS. A good large fleet of ships, of course, could ride there?

Mr. CARTER. Yes; as I say, I have seen two hundred and fifty vessels there.

Mr. MILLS. Have you any coal in the island?

Mr. CARTER. No, sir; the coal now comes to us mostly from Washington Territory. It is a very short run from Washington Territory to Honolulu.

Mr. MILLS. From what country do you get your imports?

Mr. CARTER. Mostly from the United States.

Mr. MILLS. We exported to you \$2,700,000 last year; but did not you receive more than five or six millions from other countries?

Mr. CARTER. No, sir; last year was a year of commercial depression everywhere, and it was so in Hawaii.

Mr. MILLS. What are your total imports?

Mr. CARTER. In 1884 the total imports were about five millions, about four millions of that coming from this country. I may be out of the way one way or the other a hundred thousand dollars, but these are the figures that I desire to have before me and to state accurately.

Mr. MILLS. My recollection is that the larger part came from other countries; that you exported almost entirely to the United States, but that the imports largely came from other countries.

Mr. CARTER. That is a mistake.

Mr. SEARLES. There is about 70 per cent. of the exports coming from the United States.

Mr. CARTER. I think about four-fifths comes from the United States.

Mr. MILLS. Then you export about eight millions of dollars a year and import about four millions?

Mr. CARTER. Yes, sir; as the figures show; but I can show you that the value of the imports includes the remitted duty and cost of carriage, whereas the value of the exports, as you have it, is simply the first cost, without taking into consideration any cost of carriage or commission, or other charges. Take, for instance, the item of lumber. The invoice cost of that is \$8. Now, that sells in Honolulu at \$20 or \$21, by the cargo; that is to say, it takes \$21 of our exports to buy \$8 of your imports.

Mr. MILLS. When that lumber goes to Honolulu you value it at the export prices of the United States in addition to the cost of transportation and duty?

Mr. CARTER. Yes, sir; and the charges on lumber are very high.

Mr. BOUTWELL. I think you misunderstand the chairman's question. The statistics of imports are made up from the custom-houses in this country at the value from the place of export.

Mr. MILLS. That is what I supposed. And then the value in Honolulu would be the value in the United States plus the cost of transportation and duties?

Mr. CARTER. Yes, sir.

Mr. MILLS. But that does not appear in the statistics before the committee.

Mr. CARTER. By orders of your consuls all sugar and rice leaving Honolulu have to be invoiced at their full value. That was to prevent undervaluation, I suppose. Those were the orders given to all the consuls, I suppose; but at all events the consul at Honolulu enforced that rule. We do not object to it, only it requires this explanation of the statistics.

MARCH 1, 1886.

The committee met pursuant to adjournment.

STATEMENT OF HON. GEORGE S. BOUTWELL.

Hon. GEORGE S. BOUTWELL, representing the Hawaiian Government, said:

Mr. Chairman: I have to say, first, in regard to all treaties that they contain as the elements either a compromise by the parties, or mutual concessions, or, as in some cases, compromise and concessions both. From this it follows that you cannot expect to find an existing treaty which is tolerated and continued by both parties to it that does not yield advantages to each party, and consequently imposes some responsibility or some expenditure or loss upon each party. It is from these concessions on one side and the other that the mutual advantages result. I suppose that this treaty is not an exception.

When the treaty was made it was expected on the part of Hawaii, first, that there would be a development of its industries, the chief of which is the cultivation of sugarcane and rice; and, secondly, Hawaii expected that something in the nature of protec-

tion would be incidental to the treaty. Not, perhaps, that the Government of the United States would at any time interpose by the exercise of positive power for its protection, but that the circumstance that a concession on their part to us was made in the treaty would deter all other nations from interfering with the established relations between Hawaii and the United States. These were the advantages expected by the authorities of Hawaii.

It is a matter of history that previous to 1876 there had been numerous intrigues, sometimes showing themselves in insurrection and rebellion, and movements of various sorts calculated to disturb the existing authority and pave the way for the transfer of the jurisdiction of the islands to some other country. France and England had at various times either instigated these movements, or the representatives of these Governments, resident in the island, had taken advantage of such opportunities as presented themselves to promote these intrigues and disturbances.

On our part it was expected, first, that there would be an increase of exports, with consequent advantages to our industries, and secondly, and most important, undoubtedly, was the acquisition of political supremacy in the islands. That supremacy was guaranteed by the fourth article of the treaty, which contained these words:

“The King will not lease or otherwise dispose of or create any lien upon any port, harbor, or other territory of his dominions, or grant any special privileges or rights of use therein to any other power, State, or Government, nor make any other treaty by which any other nation shall obtain privileges relative to the admission of any articles free of duty secured to the United States.”

Therefore we obtained these advantages: First, the admission of certain articles specified in the schedule in the treaty, a very numerous list, but many of them are, of course, articles that have not yet found their way to Hawaii. By the fourth article of the treaty, in addition to our privilege to import articles free of duty—a privilege not accorded to any other Government—we received a guarantee that all other nations should be excluded from a footing in these islands.

It is difficult to estimate the advantage of that guarantee. In the future it may be a great advantage to us. Before I close I shall make some further observations on that point.

Consequent upon the treaty large investments of money have been made by American citizens, and it should not escape notice that the controlling element in these Islands since about the year 1812 has been in the emigrants from the United States. Of course American citizens who were there at once availed themselves of the advantages which the treaty offered, and these no doubt were considerable, for otherwise the treaty would not have been made. The product of sugar has increased from a comparatively small quantity to a very large amount, but not large when compared with the importations into the United States.

It is understood now, by the latest returns I have had access to, that nearly \$16,000,000 have been invested directly in the cultivation of the islands, chiefly of the sugar culture, and that something like ten million, or ten and a fourth million, of that sum has been invested by American citizens. In addition to that there have been large investments made in navigation. So that to-day somewhere from one-fourth to one-third of the navigation interests of San Francisco is between the Islands and the port of San Francisco. Upon the abrogation of the treaty we assume, and upon this point we think there cannot be any difference of opinion, these industries must diminish very largely. These investments must either be destroyed in value or greatly impaired.

If there are great interests involved, if this treaty is found to work serious harm to the people of this country or to the Government, these investments that have been promoted by the policy which the Government entered upon ten years ago ought not to be considered. But we assume that when a Government by its policy has promoted investments those investments should be protected unless the adverse interests are imperative. Those in authority in the Government are the successors of those in authority ten years ago, and they must in equity act upon the idea of the continuity of the Government and of the sacredness of all its obligations which have been assumed without fraud or contrivance. I believe there is nothing of that kind charged. The question to be considered now is whether an obligation has not arisen on the part of the Government to protect what it has created.

That is an obligation which rests everywhere. There is not a bird that flies or an animal that walks, swims, or creeps that does not by instinct of nature or by a process of reasoning recognize its obligation to protect that which it has created.

As to the trade with these islands, Mr. Carter will present that matter this morning, but I believe it is agreed that at present two-thirds of all the trade between Hawaii and other parts of the world is between Hawaii and the United States. I beg your attention to the circumstance that the original and ancient complaints against this treaty have disappeared absolutely, with perhaps a single exception. One complaint was that frauds

were committed in Hawaii by the introduction of sugars from the islands of the Pacific or from the Asiatic Continent, passed from Hawaii to the United States, and received here without payment of duty, when, as a matter of fact, they were legally subject to duty. That charge was investigated by a commission of which Mr. Searles was a member. He became a member at the instance of sugar manufacturers of the East, from whom the complaint had arisen.

From the report of that commission it is shown that there was no foundation whatever for the charge. One of the complaints is that sugars refined in this country, and which by law, when exported, are subject to drawback, are exported to Hawaii, and the drawback allowed as though they were exported to Great Britain. I dare say that the statement is true, but it has nothing to do with the treaty. If Congress at any time comes to the conclusion that that policy ought not to exist, the change is a mere matter of legislation. I do not think it would be wise to indulge in that sort of legislation, as it would be regarded as an evasion of the obligations of the treaty. That complaint has no just foundation. The character of the parties is an insignificant consideration, but in passing I venture some observations. First, in regard to the interest of the sugar refiners. It may be said generally that business men understand their own interests. Sometimes they do, very often they do, but sometimes they fail. I have endeavored for many years to discover, if I could, what interest the sugar refiners of New York had in this question. They cannot expect to have a monopoly of the sugar trade upon the Pacific coast. Once they might have had it, and perhaps they did have it for a short period of time, but in the nature of things it was impossible that that monopoly should continue. The Pacific coast has now a large population. It is near the sugar-producing regions, and inasmuch as the use of crude sugars has disappeared almost entirely and refined sugars are substituted, it is the necessity of the situation that refined sugars should be produced on the Pacific coast. If they are produced on the Pacific coast, the source of the supply of crude sugars is of very little consequence to the sugar refiners of the East.

There is a dispute, and there always will be a dispute, as to the advantage to the producers, as to the advantage to the consumers, and as to the advantage to the refiners, growing out of free trade in sugar between Hawaii and the United States. The probability is that the advantage is divided. I have no doubt that the price of sugar is affected sometimes, in a small degree, by the reduction of its price consequent upon the free importation of sugar from Hawaii, just as the price of sugar in this country is affected a little by the production in Louisiana. You cannot measure these results. Undoubtedly the people of Hawaii have derived some advantages from the first, notwithstanding all that is said about Mr. Spreckles and his monopoly and his supremacy. Yet the people of Hawaii, from the very day that this treaty was promulgated, have enjoyed some advantages. I think that the people of this country in the reduction of the price of sugar—very small, no doubt—have enjoyed some advantages. But if the duty were restored on this seven or eight per cent. of sugar produced in Hawaii, does anybody suppose that the sugar refiners of the city of New York, now that there are two refineries in San Francisco, would manufacture refined sugars and send them by rail over the mountains? There is not the least probability of it. Therefore, I submit to this committee, that as far as the sugar refiners are concerned, although they have a right to be heard, they have no real interest in this question as business men. The refining of sugars will go on on the Pacific coast, whether the sugars come in free from Hawaii or under duty from Hawaii and the other islands of the Pacific coast. That portion of our country is to be supplied with raw sugar and with refined sugar without the agency of the refiners of the East. Next, the Louisiana planters have very little interest in this matter.

MR. MCKINLEY. Where did they get their sugar on the coast before this treaty was made?

MR. BOUTWELL. I suppose from Hawaii, or some of the other islands of the Pacific. But you can reserve that question for Mr. Carter, who knows the course of business better than I. I submit that the great public policy, if there be a public policy in this question, independent of the contest between business men in various parts of the country, is altogether supreme. The sugar interests in Louisiana are not more worthy of consideration than are the investments on the Pacific coast and in Hawaii by citizens of the United States, made as they were under the influence of this treaty.

I am sorry Mr. Moreno is not here this morning. He is a sort of kaleidoscopic politician, representing the United States, China, and Japan in Hawaii, and in the United States representing Italy and China. If he said anything which is of any consequence to the investigation that is before this committee, I hope it will have due consideration. I have not had the means of knowing whether there are petitioners of this treaty outside of such persons as represent these business interests. I know not whether the fifty-five millions of people in this country have any interest that is not stimulated by some business prospect or hope, and who ask for the abrogation of this treaty.

I come now to ask the attention of the committee and of the House to a view of the future. I shall state before I close the conclusions reached by me as to the relative advantages and disadvantages of the treaty during the ten years of its existence.

For the present moment I will admit—although my argument hereafter will be to the contrary—yet I will admit that we have been the sufferers, that we have not obtained from this treaty all we had a right to expect. We have had ten years of experience. Suppose one of two things should happen. The question whether the sorghum plant can be made useful as a sugar-producing plant will be solved by chemistry and by mechanics, and the time may not be far distant when this country can produce its own sugar. When that time comes, Mr. Chairman, if it should come, I ask how this treaty will then look in the eyes of the people of this country and of Hawaii? Should we not then at once be transplanted into a position where we should derive great advantages from the continuance of this treaty and be subject only to very small concessions on our part? The introduction of sugar free of duty from Hawaii would then be of no importance. Suppose another thing should happen, which I am advised by what I read in the papers is not beyond the region of possibility, namely, that the duty on sugar should be removed altogether or be reduced very greatly. How then would the treaty be? Would it not have great advantages for us with very slight considerations in return to the people of Hawaii? And in estimating the value of a treaty which has the idea of purpose and perpetuity, we should not only consider what has been, but we should also take into account the possibilities and probabilities of the future. If either of these things should happen the treaty would have great advantages for us. I hope I shall be able to satisfy the committee, if it is not already the judgment of the committee, of these probable advantages, and with very slight concessions on our part to Hawaii. Something has been said of the internal affairs of Hawaii. Newspaper statements have been read as to the wages of laborers. Remarks have been made about the grant of crown lands to Mr. Spreckels. I imagine that neither one nor all of these circumstances, even if they are correctly stated, should have any influence with us.

We cannot expect to dictate the internal policy of Hawaii any more than we can expect to dictate the internal policy of Great Britain. Unless something exists there which in the conscience or judgment of the people of this country is so contrary to our moral ideas or intellectual perceptions that we are unwilling even to use the sugar produced there we ought to be entirely satisfied. The Chinese question, I suppose, is settled both by the action of China and the action of Hawaii. There are some Chinese there laboring, and as they must exist somewhere on the face of the earth, I do not think we ought to trouble ourselves about that.

Now, much of this difficulty has arisen from a change for which science on the one side is responsible and the increasing wealth and intelligence of the people on the other. I recall the time, and possibly there are some persons present who may recall the time, when refined sugars were very rarely used by the mass of the people. Brown sugars of various grades and qualities were chiefly used. Twenty years or more ago the change began, and crude sugars have disappeared from general use and refined sugars have taken their place. Now, that circumstance explains why the trade between Hawaii and Portland, Oregon, has disappeared, why it is all concentrated in San Francisco; because they have to-day two refineries, and for some years they had one, in San Francisco, and there is not a refinery in Portland or on that coast anywhere else. Of course, raw sugars go to the refineries, and from there refined sugars are distributed among the people. That accounts for the difference of trade. And that is the element in the case of Mr. Spreckels, who figures continually in this business as though he were a power.

Now, I do not know Mr. Spreckels; I never saw him, but he is a business man and appears to have energy and capacity; and while it is stated here, and it is in my own knowledge and general information, that he was opposed to the treaty when made, but when made accepted it as the policy of the two governments, and he entered at once into the business of making money out of it. He was able to monopolize the sugar product in these islands, not because he was Claus Spreckels or Sir Claus Spreckels, but because he had a refinery in San Francisco, and Hawaii is many thousand more miles from any other refinery than his at San Francisco, and therefore for the moment the Hawaiians were in his power, and if his name had been something else, and if he had been born somewhere else than Germany, or a citizen of some other country than the United States, the result would have been the same when connected with the sugar refinery and with the energy and property of the owner. There is nothing in this that is contrary to the ordinary course of business. It would have happened to anybody. If my friend, Mr. Seales, had owned a sugar refinery in San Francisco the result would have been precisely the same. It is understood the sugar producers of Hawaii for the time being by the force of circumstances were compelled to make such stipulations as they could get. They estimated—there is no concealment about it—there was an estimate made of the advantages to be derived from the treaty, and they divided between

Mr. Spreckels and the planters what was supposed would be the gain from the introduction of free sugar to the United States from Hawaii. Now the planters, as I understand it—I state it from information—have succeeded in establishing another refinery in San Francisco, and there is a contest going on; the planters are selling their product to one or the other as they see fit. The refiners are contesting for the market, and the price of sugar has been temporarily brought down in San Francisco, and I do not know that anybody will complain of it, unless it be the gentlemen represented here by Mr. Searles.

A remark was made about the use of the word “muscovado” in the treaty as though there was something wrong in it, as if somebody had perpetrated a fraud or deception by it. Nobody was deceived by it. If you look in the dictionaries that contain the word—the commercial dictionaries contain the word—you will find it is merely a descriptive word for raw sugars. There is no line drawn between “muscovado” and brown sugars and unrefined sugars. I omitted to mention in its proper connection one other complaint; and that was that the sugars brought in after the treaty were much superior in quality to those introduced a few years before. It is within my own knowledge that previous to the treaty we had contests with the importers not only from Hawaii but from other points on the Pacific Coast, that they introduced what I believe was burned sugar into the pure sugar and reduced the grade of it according to the Dutch system and introduced it into this country at a less duty than it ought to have paid. Previous to the discovery of that mode of defrauding the Government of the United States the sugars brought from Hawaii, as appears from the report, and there can be no question of it, were substantially of the quality they have been since the treaty was adopted. This was a passage in the affairs of the people of Hawaii that is not creditable to them, but the treaty is in no way responsible for it. It ended in fact the dishonest practice. And in connection with that it was stated that the refining of sugars by what is known as the vacuum pan has been introduced since the treaty. That mode was discovered in 1813 by an Englishman and it was perfectly well known to all sugar planters and refiners the world over twenty-five years before this treaty was made. That mode of refining sugars was introduced to Hawaii as early as 1850 or 1851.

Mr. MILLS. There are no sugars introduced now, as I understand, from Hawaii ready for consumption?

A. There would be according to the common idea, but not now. I suppose they all go to the refinery; but as to that I presume Mr. Searles or Mr. Carter can state with more certainty than I.

I propose, Mr. Chairman, to deal briefly with the question of commercial reciprocity separate entirely from the political considerations involved in this treaty. The minister from Hawaii will be able to present facts on that subject better than I can. I will take one year—the year 1883—for the purpose of showing, according to my idea, how the account stands on a commercial basis alone. But I have this to say, that all these statements that depend upon what are called statistics are faulty to the last degree. It is the experience of all of us who have had anything to do with business affairs, or with government, that these persons who are called statisticians are able to take the same facts and deduce from them very different conclusions, and they have a strain of logic running through each system from beginning to end and yet the results are very different. Now here are, in connection with the exports and imports, certain conditions that ought to be considered. Our exports to Hawaii are valued at the custom-house at the place of departure—at Portland or San Francisco. They are generally, as was stated by Mr. Carter, bulky articles, such as lumber, bricks, materials for building, occupying a great deal of space. The transport of these materials to the extent of 95 per cent., as appears from the report of Mr. Folger, is upon bottoms owned by citizens of the United States. The advantages derived in a pecuniary way from the freight, from the profits of the business, from the insurance, and from the commissions of various sorts must be very large; but the statistics you get from the office show the value of these articles of export at the places of export.

Now, how is it with the articles we receive from Hawaii? They are valued, as I understand, at the place of delivery; and if the advantage of the duty inures to the people of Hawaii, of course the duty is added. Therefore, you get a very inaccurate statement of the actual trade between the two countries. The sugar should be valued in Hawaii minus the duty, or else the goods sent from this country should be valued in Hawaii plus the duty. Now I take the year 1883 of the imports into the United States and into Hawaii. From the statement, which I will not trouble the stenographer to take down, I reach the conclusion that for that year the commercial advantages were all on our side to the extent of about \$400,000. I will here have this statement incorporated as a part of my remarks.

Now, when we take the marshaling of the two interests it stands, it seems to me, in this way: Admit the loss of revenue, which is said to be two or three million dollars a

year—we will admit that, and then how does the account stand? The price of sugar is somewhat reduced in this country—not very much, but whatever advantage comes from this system that inures to the people of this country should be accepted to the credit of Hawaii in making up this account. We have found in Hawaii new markets for our products, some of them manufactures, some of them the direct products of the soil—and that is what this country needs, markets abroad. We cannot afford to shut out any market we have; the object should be to get new markets. On the other side the price of sugar reduced and we have a new market; then the return of investments in Hawaii under the influence of this treaty which you have made and which, I have attempted to show you, you are bound to protect, unless there is some public interest involved. Having induced Americans citizens to invest \$25,000,000 in enterprises that had their origin in this treaty and that cannot exist when this treaty is abrogated, these interests you are bound to protect. But the people of this country are receiving some two million dollars a year of returns on the investments so made. The question is will you strike this down—the employment of her shipping and the profits and commissions that inure to merchants and traders?

Mr. MILLER. Do you think a similar treaty made between the United States and other powers would have the same advantages to foreign countries and this country?

Mr. BOUTWELL. I will make an observation on that, if you please. I think the line can be drawn with absolute certainty as between those countries with which we have an interest in making reciprocity treaties and those countries in which the interest is otherwise; and that line has to be determined by the circumstance whether the country with which we make the treaty is farther advanced in art and science and in the application of art and science to the productive purposes of life. That is the relation between the United States and Hawaii. If I had this Government in my hands I dare say I would destroy it, but certainly one thing I would undertake to do. I would take every one of these countries south of us and I would make this kind of treaty with every one of them.

Mr. MILLS. With Cuba also?

Mr. BOUTWELL. Yes, sir.

Mr. MILLS. How about Canada?

Mr. BOUTWELL. I do not care to interfere with Great Britain; but the countries south of us all stand on the right side of the line which I have laid down. I hope to show it is of immense advantage with the machinery and the inventive power of the people of this country that there should be a market for our industries which we can develop to any extent. In all the substantial industries of life we are at the head of all other nations. Some things are done better abroad than here, but when we consider those subjects in which the mass of mankind are interested we are in advance of all the rest of the world. Now, here are nations south of us, small with the exception of Brazil, but they are all inferior to us in art and science, and the application of art and science to the productive industries of life. I would make a treaty with all of these nations and I would put with it this silver question—you, Mr. Chairman, are responsible for this—I would put the silver question with it and enter into an arrangement with all of these southern countries as to the relative value for the purpose of coinage of silver and gold and I would bid defiance to the world. I believe that is the policy on which this country should act; but with the diversion for which you, Mr. Chairman, are responsible, I come to the last observation I have to make—the political considerations. These were the controlling considerations when the treaty was made, and these considerations grow stronger by every year's delay. These islands are at 20 latitude, 160 west longitude, and extend west. At Sacin the 160th meridian cuts the mainland of Alaska within two miles of San Francisco. It is the outpost of the United States.

I believe there are three harbors of the several islands of some value, but only one at Honolulu is of importance, it being capable, as Mr. Carter stated, of floating 250 vessels at the same time; and I suppose in the nature of the case easily defended, because a harbor of that capacity must be easily defended, although I have not studied the topography of it. In the late war we saw how we were crippled by the circumstance that Great Britain, although professedly neutral, had control of the Bermuda Islands. If they had been ours the fortunes of the country would have been very different. Now we have to look to the East for the future. You noticed the history of the capture of Burmah by the English, a country as large as the State you represent and containing more inhabitants, captured without the loss of a man or the firing of a gun. But there was a consideration incident to that undertaking that the world ought to observe. There is a strip of land in Burmah which was a factor with the Empire of China. What did Great Britain do? Immediately, without consideration, Great Britain ceded that to China. What does that mean? It means an alliance between India and China. There are 240,000,000 people in India and China for the purpose of resisting aggressions on the part of Russia, and it is the beginning, I apprehend, of an immense combination in the East, and the contest ultimately will be for the control of the

trade of the Pacific; and in view of the possibilities of the future, if it could be demonstrated by the sugar refiners of the city of New York that it cost us two or three or four or five million dollars a year to perpetuate this treaty, I say it would be the most unwise public act which this Government since its existence has committed to surrender the treaty. The commerce between the United States when we are a hundred or two hundred millions of people—the commerce between the United States and China and Japan and the possessions of Great Britain in India will be something enormous as compared with the commerce across across the Atlantic between Europe and the United States; and for us now, when we have our hand on an outpost that is essential to us in peace or war, to indulge for a moment the idea of surrendering it for any consideration whatever is the height, I venture to say in this presence, of political absurdity.

If this treaty were abrogated, do you suppose that the people of these islands can stand alone and maintain a Government when France is grasping everything she can lay her hands upon from the southern coast of the Mediterranean to the shores of Tonquin, in China; when Germany is grasping for lands in the south Pacific Ocean, of whose value no man can estimate, so insignificant does it appear; and when England still pursues that policy which was illustrated by Mr. Webster when he said, speaking of the colonies in their contest with Great Britain upon this question of property. Said he: "When actual suffering was still far off, they raised their flag against the power, which for all purposes of conquest and subjugation was superior to Rome, and dotted over the surface of the whole globe with its possessions and military posts; whose morning drum, following the sun and keeping company with the hours, circles the earth with one continuous strain of martial glories;" and will that country rest for a moment, if we withdraw, to lay her hands on these islands? Then what would happen? Why, in an instant the people of this country would be aroused, and in a day in preparation for war you would expend more money than the most extravagant mathematician would estimate—the expense of continuing this treaty for the next twenty years.

Now, Mr. Chairman, I leave the subject to the better judgment of the committee and House of Representatives whether this country can afford to relinquish what has been gained at considerable cost and diplomatic skill and can be preserved without expense; and if surrendered, will be regained only by war.

STATEMENT OF MR. H. A. P. CARTER.

Mr. H. A. P. CARTER said:

Mr. Chairman, in the short time I have had since Saturday I have thrown together in a disconnected manner some ideas upon the subject under discussion. I will, in the first place, review the statement that has been made in favor of the abrogation of this treaty, and in doing so I will take as little of your time as possible. In the first part of this statement it is said that "when the treaty was under discussion in the House of Representatives it was steadfastly maintained by the advocates of the treaty that, commercially, it would prove beneficial to the United States;" and it goes on to give the importations of sugar and rice to show how they have increased, and it alludes to the report of the commission which investigated the subject.

Now, sir, when the treaty was made it was well understood that the production of Hawaii would be largely increased. It was stated in several speeches in the House and by the advocates as well as the opponents; and I then stated in the discussions of this treaty that while I thought that with our resources we could treble the production of our country it largely depended on the interest American citizens took in the privileges opened and accorded to them by this treaty; that if they came there with their enterprise, energy, and capital they might increase the product of the country to 80,000 or 90,000 tons. The Commissioner places the limit at 100,000 tons. We have not reached that limit and we may not do so. If we do, I think we shall reach the maximum point of production of sugar in these islands. If there were to have been no advantages to Hawaii in this treaty Hawaii would not have made the treaty. When the treaty was signed Hon. Hamilton Fish, a most sagacious statesman, said to the representatives of Hawaii who signed the treaty, of which I had the honor to be one, that he hoped that it would prove so beneficial to Hawaii that countries contiguous to this country would ask for similar treaties. That was his view of what would be beneficial to this country.

The next objection that is made here in the statement is that a large amount of machinery came from England and Scotland. This was undoubtedly true. The manufacturers of these countries had machinery on hand, and as soon as they found that the markets were to be closed against them they made every effort to crowd their machinery in there and so did it at largely reduced prices, giving it on very good terms to the planters who purchased it, but that state of affairs is reversed now. I find in the statistics of 1884 that of the \$206,000 worth of machinery imported to Hawaii, \$144,000

worth came from the United States. As I stated on last Saturday it has been shown by the figures of our Government, a statement of which I will leave here, that more than two-thirds of the sugar plantations of Hawaii are owned by Americans. I would say that the estimate is too low. Since that time to my knowledge some have passed into the hands of Americans who had held mortgages on them. A very large amount of this increase—in fact the greatest part of it—is due entirely to American enterprise and energy and has inured to the benefit of American citizens many of whom reside in this country. Therefore it is just as much a profit to this country as if it had been raised on your own soil—that is the profits have inured to your citizens the same.

Now, suppose Hawaii had seen fit to follow a different policy from what she has since the making of the treaty. Suppose she had refused to open up this commerce, you certainly would have claimed she had violated the spirit if not the letter of the treaty. She chose to follow a different policy. She chose to invite American capital and energy—in fact all capital, energy, and enterprise. She chose to throw open every avenue to wealth that she could to your citizens. She went further than this. She subsidized your lines of steamers. Only within a few months she has subsidized two lines, the Pacific Mail Company, \$12,000, and the Oceanic Steamship Company, \$24,000 a year, besides which she has built docks for their accommodation at a cost of three or four hundred thousand dollars. They have given free wharfage, free water, built sheds for the storage of their freights—concessions amounting in all to over \$75,000 per annum—all to stimulate and aid a commerce which came directly to us and a part of which passed to other countries. One of these lines of steamers has extended its operations from Honolulu to New Zealand. This is only an indication of the fact that a trade commenced and started in a certain direction will take upon itself increased dimensions and extend itself beyond these borders. It was expected in opening this trade with Hawaii that it would assist to develop the whole trade of the Pacific coast, and I believe it has done so to a large extent, but nothing to the extent it will in the future.

The next part of the objections referred to the exports and imports between the United States and Hawaii. As has been said the official statistics of the exports show only the prime cost of the merchandise without adding any charges or anything for the exemption of duty in Hawaii. Of course the goods are more valuable to your citizens because they are not subject to duty in Hawaii, while the goods they compete with are subject to duty, and that is not taken into account in these figures. A shipment from New York to-day would appear in the figures at its prime cost there and nothing for its cost of transportation and nothing for any value it may have under the operation of the treaty. It is put down at the very minimum. Now, as I had the honor to suggest to you the other day, if you take the one item of lumber which goes largely into the imports of Hawaii, it will appear in the figures at \$8 a thousand, and it will sell in Honolulu at \$21 a thousand. Therefore if the whole trade was in lumber—if you sent there \$4,000,000 of lumber it would take \$10,000,000 worth of sugar to pay for it. The trade is very large, as shown by Mr. Folger in his report, on articles of that kind. I have a list here of articles which enter into the trade, and for one year I find there were \$825,000 worth exported from the United States, the freight on which would be over 100 per cent.

Mr. MILLS. In your official report, in which you make the statement of imports and exports of your country, don't you put the values at the export value of your country?

Mr. CARTER. We estimate them by the valuation of the shippers. These shippers are the debtors of the merchants in San Francisco. The sugars are sent over to liquidate their debts, but they are allowed to draw a certain amount of cash on them because they must have money to go on.

Mr. MILLS. But your sugars are valued according to their home value and not according to San Francisco value?

Mr. CARTER. I was about to explain to you something of the state of affairs in regard to that. They are valued at what they would be at San Francisco, because the planters are allowed to draw a certain amount of money.

Mr. MILLS. They make some allowance for transportation charges, don't they? The value at San Francisco must embrace the transportation charges.

Mr. CARTER. The transportation charges would be very small on sugar. I think, as a matter of fact, I will show you that the goods are overinvoiced. It has been always so in Honolulu, especially with a falling market such as it was last year.

Mr. MILLS. What is the cost of transportation of a ton of sugar from Honolulu to San Francisco?

Mr. CARTER. About \$5; 5 per cent. instead of 100 per cent. from San Francisco to Honolulu. The Chief of the Bureau of Statistics in his report on commerce and navigation uses this language in regard to your trade with Great Britain:

"This excess of exports over imports is simply an expression of the difference between the value of imports and exports, and does not indicate the balance of trade between the two countries. The large excess of the value of exports over that of imports is of course

greatly reduced by freight receipts, marine insurance, and other charges incident to commerce, the principal part of which is paid to citizens of Great Britain."

Now, in regard to the Honolulu trade, these conditions are entirely reversed. This apparent balance of trade which is quoted as being against the United States really inures to the benefit of citizens of the United States, as I shall show later on.

Then an allusion is made to the decline of exports in 1884. The truth is that Hawaii suffered in the general depression of business in 1884, and consequently the planters all reduced their expenses to the very lowest limit. My latest advices are that the exports of San Francisco alone to Hawaii are \$1,500,000 for the last six months, which will bring \$3,000,000 a year from that port alone.

Now, speaking of the value of sugar, I would like to say that the value as stated in the report of the Chief of the Bureau of Statistics on the trade and navigation of the United States, the value of all foreign sugar imported into the country last year was at the rate of 2.5 cents. That was put down as the value of sugar coming into this country. The value of rice is 2½ cents. If you take the whole value of the sugar and rice that come from Hawaii at these figures you will find the value will be \$3,407,480. Now, if these were duty-paying products this would be the valuations put upon them in your official figures, instead of \$7,925,000. Now, if you add to that the sum of \$3,307,000, the whole amount of duties remitted, it still would be only \$6,600,000, whereas the official figures say \$9,925,000. There is no reason why Hawaiian sugar of equal grade should be worth any more in the world's market than other sugars, yet they are overvalued in these statistics. It shows only that they are overinvoiced. The fault of that does not lie wholly in these statistics; it lies in the fact that there is an incentive for the merchants to put the highest value they can hope to realize on their own goods, hoping to net those prices and to benefit their side of the account where they are selling their goods. Then we come to the table of the duties remitted. Now, in reference to this, these matters are insignificant, no doubt, to a great many people; still as the figures are made they should be noticed. In the first place, the amount of duties remitted is to a great extent guesswork. The fact that the sugar comes in duty free to San Francisco makes it the duty of nobody to see that it is properly classified. If any person was paying duty on it he would see that the custom-house was not classifying it too high. Again, owing to the system that has prevailed in the custom-houses all over the country when sugar is entered for importation, a valuation is simply put on it by conjecture, on which the duties when ascertained have to be paid; then the excess is paid back to the importer when the sugars are classified.

Now, in regard to free sugar from Hawaii. I do not know the practice in San Francisco, but I know it has led to serious errors in times past. On one occasion my attention was drawn to it so strongly that I addressed a note to our consul in San Francisco in 1883, pointing out to him that the classification must be wrong, and he received a letter from the custom-house, which he sent to me and in which it was stated that the statement printed in the official report is an error.

CUSTOM HOUSE, SAN FRANCISCO, COLLECTOR'S OFFICE,

March 30, 1883.

DEAR SIR: Your letter of the 28th instant, stating that you are in receipt of a note, "unofficial," from the Hawaiian minister at Washington, in which he states that the supervisor of special agents reports that 560,770 pounds sugar over No. 20 D. S. were admitted free last year from the Sandwich Islands at this port, is received, and in reply beg to state that such statement is in error, as appears by the inclosed abstract, &c.

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E. S. SULLIVAN,

Collector.

H. W. SEVERANCE, Esq.,

Hawaiian Consul, San Francisco.

That referred only to a small amount of sugar, but it is an indication showing that it is possible for errors to occur in that respect. Now, taking the figures I have given here from the volume furnished me by the Bureau of Statistics, I will say that the values of all sugars that do not pay duty ought to be estimated at what they would be if duties were levied on them. Of course a man may go into any amount of conjectures as to this happening, or the other not happening; but suppose that sugar was dutiable. Then, as I say, the value would depend on the world's markets, and as the world's market last year was 2½ cents (see Commerce and Navigation of the United States for 1885, page L1) it would be obliged to come at that rate, or you would not have bought it.

Mr. MILLS. What is the degree of saccharine in these sugars?

Mr. CARTER. I will answer 88 per cent. The other day I was informed that Mr. Searles stated at the Bureau of Statistics it was 96 per cent. I think my informant

must have misunderstood it, because Mr. Searles must know that only one grade of sugar will reach that. Now, taking it on the basis of the world's markets, 169,000,000 pounds of sugar imported last year from Hawaii would be valued at \$4,241,000. This table shows that the average duty collected was 73 per cent. of that value, which would have been \$3,096,000, and the duties on rice \$126,000, making \$3,221,000. The duties on other exports from the islands would not have amounted to \$5,000. Now there would be \$3,226,000 instead of \$3,925,000 as stated here, a difference of 20 per cent. Taking the basis as I have it here, duty on all the Hawaiian imports for 1884, instead of \$3,356,000, as stated in the statistics, would be \$2,562,000. I asked of the Bureau of Statistics how these figures were arrived at, and they said they were based on the classifications at San Francisco. I did not have time to apply to San Francisco, and I got some of the statistics of invoices during the twelve months of the year 1882, taken at haphazard, of the different vessels, and I found that it would average 88 per cent. As I estimate, the whole amount of duties remitted, taking what duty-paying sugars pay as a basis, would have been about \$15,000,000. But I want to press on your attention and the attention of the whole committee that duties remitted cannot be taken as a basis of what would be the duties collected in the case of the abrogation of this treaty. It is only fair to assume in case you are going to put down the throttle-valve and stop the trade between the United States and Hawaii that your sugars would come from Manila as before. The figures show you that the trade of Hawaii could no longer exist after the abrogation of the treaty; that the sugar would come from Manila, and it would come at a grade paying you about \$1.40 or \$1.12 per 100 pounds by the tariff, as it may be amended this session. In this case you would not collect \$1,000,000 on sugar, and you would pay for your sugar in gold through London instead of goods. Your trade with the Philippine Islands last year showed imports from them, \$7,740,000; exports, only \$169,354. (See "all other Spanish possessions" in United States Statistics.) I state this as my opinion. No man can tell exactly what would be the event.

Now that would be the measure not of what you remit, which I hold is the proper way to look at it, but what you would gain. It is very well for a man to say he lost a million dollars because he did not invest in certain stocks on certain dates; these losses are hypothetical, and so it is with this business. If it were claimed that the trade and business with Hawaii would continue the same after the abrogation of the treaty and the imposition of a heavy tariff, it would be, to use a homely phrase, showing the goose would go on laying golden eggs after it was killed. It certainly would not be the case. The next statement made is that last year the amount of duty remitted was more than the total value of your exports to Hawaii, and that for the coming year it will be so much greater that you will be making a present to the people of Hawaii of \$2,000,000 after paying for all the goods. Now, without wishing to say anything disrespectful, I wish to say that the absurdity of that statement must strike any one. If you were to distribute \$5,000,000 in money among the fifty planters of Hawaii they would be so abundantly provided for that they would not trouble themselves about the treaty; but the truth is the planters are struggling to keep themselves out of debt to-day in spite of all the advantages which they enjoy.

If this is the case, if it were all true as stated there about the Hawaiian sugar planter, then how about the statement later on in the argument that it goes to the advantage of the San Francisco sugar refiner and gives him an unfair advantage over the sugar refiners of New York? Mr. Chairman, if that were the case, what would pay the vessels employed in the commerce; what would pay the interest on American capital invested there; what would pay the commissions of the San Francisco commission merchants; what would pay for the insurance, wharfage, pilotage, and other charges of the harbor of San Francisco; and what would pay for the profits on the merchandise you sent out there? Perhaps it might be assumed that these were all gifts to our people. Any business man would know that these items enter into all calculations of trade. Then it is attempted to show here that there is some doubt as to the equities of the case whether the sugars introduced into this country are the same that were intended when the treaty was made. The word "muscovado" has been a great stumbling block to the people who have opposed this treaty. I wish to make a statement made entirely on my own word, as I have no access to documents to prove it. As one of the negotiators of the treaty I was perfectly cognizant of the word "muscovado." It existed in some treaties that had been previously made, and therefore the Department of State adhered to the word as the term used in defining unrefined sugars. The commissioners who investigated this treaty say that no muscovado sugar was made in Hawaii for twenty years before it went into operation.

Certainly after twenty years of experience we should not have made a treaty relating to an article we did not produce. I had no misgivings on the subject until a question arose at the Treasury Department, where they put a different interpretation on it from the State Department. I asked the Secretary of the Treasury to write a letter recom-

mending the word to be taken out, which he did. I then laid the matter before the Secretary of State, but he said he was going to adhere to the word; that he thought, according to the decisions of the Supreme Court of the United States, the words "and all other unrefined sugars" admitted the grades of sugars according to samples which were brought by us. I saw there would be a conflict of authority, the Treasury Department taking one view and we another, but we failed to get the word out. I then suggested that the intention was that sugars heretofore imported from San Francisco should be admitted duty free, and it was suggested that the explanatory clause be put in. That is the whole history of the introduction of the word "muscovado" into the treaty. The fact that an explanatory clause was put in the treaty shows that there was doubt as to whether the first clause conveyed the meaning intended. I believe as a matter of fact, and it is acknowledged in the report of the commission, that the sugars coming in now are not of so high a grade as under the treaty might be imported; but as they have to go to the refinery there is no need of a change, because they are carried immediately on arrival to the manufactory.

Now, in regard to the statement that there is a clear bonus of \$60 or \$70 a ton to the planters, I simply say that the average duty collected now on sugars is less than \$40 a ton. The tables as to that point are to be found on what they call "Table B" of the report of the commission. They show that the value of sugar after the treaty went into effect was \$1.27 a hundred, or \$34 per ton, more than it was before the treaty went into effect. Therefore no such bonus as that can go into the pockets of the Hawaiian planters. Allusions have been made to the monopoly existing in San Francisco. Unfortunately the whole question of this treaty has been mixed up with this question of monopoly. The monopoly in San Francisco existed before the treaty was made, and has no relation whatever to the nationality of the sugar on which it is based, but, as has been stated here, it is based on a condition of affairs which is not affected at all by the Hawaiian treaty, and if affected it would be in exactly an opposite direction—to bring the price down. In fact, with every article of raw product that has to go through the process of refining or manufacture before it reaches the consumer, if you take the duty off, you first benefit the manufacturer. He is going to continue the price as high as he can and as long as he can, and then comes the competition between the manufacturers, and thus the price is reduced to the consumer. That process has gone on in California, and to-day the price of sugar is much lower than ever before in California, and lower than in New York, owing to the sugar war, as it is termed, between the refineries. We do not claim that this grows out of the treaty, but we do say that if the treaty has any effect at all it has the effect to break down the monopoly, and that the abrogation of it would have the effect to re-establish the monopoly.

The next objection is that it was discovered that Hawaii, besides selling her sugars duty free in the United States, sending all their sugars here, bought the sugars they consumed from the United States. We plead guilty to the charge, and the amount of sugar we purchased was \$19,000, by the Hawaiian statistics for 1884. The crime consists in the fact that we sent you raw sugars that you manufactured, and we bought a manufactured article from you, just as Mexico might send you hemp and buy from you rope. It was not our sugar that we bought, but the duty-paying sugar brought from Manila or elsewhere. We purchased from you instead of from some other nation. If there is anything wrong in it or fraudulent it grows out of the laws of this country. By a glance at the statistics you will see that more than twice the value of Hawaiian sugar has been exported to European ports under this same principle of withdrawing sugars from bond and re-exporting them and getting the drawbacks.

Mr. MILLS. How much of that sugar did you say Hawaii has withdrawn and exported to foreign countries?

Mr. CARTER. I do not know of any. I say the amount exported to Hawaii of foreign sugars refined in the United States amounted to only \$19,000 in 1884.

Mr. MILLS. I thought you said there was some statement of the amount of Hawaiian sugars that were withdrawn and exported after refining in the United States?

Mr. CARTER. I say that a glance at the statistics of the United States shows that an amount equal to double the value of the whole production of Hawaii had been exported from your ports. The figures in United States statistics show \$16,000,000 as the value of sugars so exported, and the value of Hawaiian sugars is only \$8,000,000.

Mr. BRECKINRIDGE. Is the amount exported, as shown by the statistics, as large or larger than the amount produced by Louisiana? Last year, of all the sugars imported, Hawaii produced 7 per cent. and Louisiana 8 per cent.

Mr. CARTER. It is larger. I think the State of Louisiana produced 100,000 tons, while the amount exported was 120,000 tons.

Now, with regard to the question of labor on the plantations in Hawaii. Of course it would have been impossible with the number of people in the islands for your people to have developed much advantage under this treaty. Constant application was made to

Hawaii to promote Chinese emigration, and we did so to a certain limit, and when the number of Chinese arrived at 15,000 the Hawaiian Government put on restrictive measures.

Four years ago, when the small-pox visited the country, the measures we took were deemed so hard that China issued an edict prohibiting their people from coming to Hawaii. Our own regulations at the present time restrict the number of Chinese to be brought to that country to the number of twenty-five on any one vessel, which has the effect of preventing any one from making a business of bringing the Chinese into the country. When we adopted that measure the cry was raised that we were curtailing the benefits of the treaty to those who had come there with their capital. We then resorted to giving money assistance to immigrants—Portuguese, Japanese, and others. This went on to some extent until some ten thousand people were brought there. And in regard to the bringing of these people there, I would say it was solely done with the same purpose that the treaty was made, as stated in the treaty—for the purpose of increasing and consolidating the commerce between the United States and Hawaii. And we are called in question to-day because of our fidelity, very largely, to that treaty.

Then we come to a point in this statement of Mr. Searles which, to say the least, is calculated to mislead. It is stated here: "The tables furnished in the report show that while prior to the treaty the islands bought from us 61 per cent. of all their imports, the amount under the treaty has been only 70 per cent., an increase of but 9 per cent. in the products of this country." Now, I am not surprised, Mr. Chairman, that you asked me on Saturday if the imports of Hawaii were not very much greater from other countries than from this. I was not surprised when another gentleman asked me if the exports of the United States to Hawaii had been only 9 per cent. I do not wonder that gentlemen have been misled as to the treaty. If you will carefully examine that statement you will see that it is the merest jugglery of figures. Seventy per cent. on a large amount and 61 per cent. on a small amount will produce wonderful results with only 9 per cent. difference. Seventy per cent. on a million is 700,000; now, 61 per cent on a thousand is only 610. It appears here that one amount is 610 and the other amount 700,000, and the difference between 610 and 700,000 is but 9 per cent. on the percentages. Now, the truth is, that prior to the treaty much of the American exports to Hawaii was in the nature of stores for your whaling fleets that touched there. Your vessels went out from Boston and New Bedford loaded with stores for your whale-ships. They were landed at Honolulu and stored there. That business is now transferred to San Francisco. The figures of the imports of our country to-day represent what we actually consume. The year previous to the making of this treaty these exports included what you exported for your own vessels there, and were \$621,000, while in 1834 they were \$3,400,000, and yet this statement carries the impression—I do not say intentionally—that the increase was only 9 per cent., when it was nearly 600 per cent. The figures show that in 1834 Hawaii received from the United States nearly \$4,000,000 imports in a total of nearly \$5,000,000 in round numbers. In 1884 the figures by Hawaiian statistics of the amount imported show that of \$4,637,000 Hawaii received from the United States of America \$3,367,000. Then it is asked if the people of this country have profited by the remission of \$22,000,000 or \$23,000,000 of duty. I think I have shown you that this estimate was questionable. Now, if San Francisco sugar-refiners are included, counted among the people of this country, it appears from the statements made here that that class of citizens of America have been benefited. I have shown you, if the consumers are obliged to take it after going through the hands of the manufacturers there, the treaty is not responsible for the price after it reaches the refiners.

It has been frequently stated that the duties remitted were \$3.17 per hundred. At present it is \$1.97 per hundred. Another point made against us is that the direct trade with Oregon has ceased, as has all been explained. When the sugars are confined to the grade at which they are obliged to go to the refinery, they have to go to the port where the refineries are. There was no refinery in Oregon, and so they did not go there.

Mr. MILLS. Are not all sugars that come from Hawaii to the United States of a kind that cannot go into consumption without being refined?

Mr. CARTER. As a fact they do not go direct to the consumer. It is too much to say they cannot go.

In regard to the statements made here with reference to Mr. Spreckels, I simply want to say that he is an American citizen, like any other American citizen that came to Hawaii, except that he had more money, or was representing a larger capital. He claimed and received the same consideration that any other American did that came there. And as to the matter that has been alluded to here, of a salute being fired in his honor, I will explain it by saying that the salute was simply a recognition of the inauguration of a new line of American steamers, on the first of which he was a passenger, and I believe he owned stock in the company. If he has made any profits I presume he has made them legitimately; at least I know nothing to the contrary. I do know that he has built up

large sugar refineries in San Francisco; has had ocean steamers built, and a large number of sailing vessels; and employs many men in his various enterprises.

A statement is made that in 1884 the importations increased 56,000,000 pounds; it says 29,000 tons came east of the Rocky Mountains, and that this sugar may come in competition with the home-grown sugar of Louisiana and Texas. The consumption of the United States is nearly 1,500,000 tons, and it is gravely stated that 2 per cent. of that amount would come in competition with the countries east of the Rocky Mountains. If that is so, it would probably be an advantage to the people of these territories. I doubt if so much goes there. But should this treaty, negotiated for the national good, be abrogated and a valuable trade be destroyed because 2 per cent. of the consumption of the country would come in competition with these gentlemen? The statistics show that foreign sugars are imported into the port of New Orleans, which shows that they do not raise enough sugar for their own consumption and refining purposes.

Now, as to the loss of revenue, when the treaty was made the Secretary of the Treasury said it would not cause a loss of revenue, but would prevent to a small extent an increase of revenue. That is exactly the effect it has had. The revenue of the United States was \$37,000,000 on sugar before and to-day it amounts to \$50,000,000 in spite of lower duties. The increased consumption of this country has been very large, amounting to 1,045,000,000 pounds since the treaty was negotiated. Now the entire products of Hawaii is only 16 per cent. of the increased consumption of the United States since the treaty was negotiated.

I do not know that I am called upon to say anything of the social condition of Hawaii; opinions may differ on that question. A political contest has been going on there, and in the excitement many evils are predicted unless this or that party succeeds, a proceeding not unusual in other countries during an election. I will simply say that when the making of this treaty was first considered we felt that our social condition was bad and growing worse day by day. We could not stay in a position where we might be the football of nations in the Pacific. We could not, with the tariff you had, open a trade with you with any degree of profit or any development of our resources. The proposition was plainly stated to the American Government that the Hawaiian Government had to have some commercial relations in order to develop its resources and maintain its autonomy as a government. That statement was accepted by this country. This country had for a long time—from the time of Webster and Cass—maintained that they could not permit Hawaii to enter into any relations with any country except the United States. The matter was plainly put to them and it was accepted. In England it is laid down as a maxim that "trade follows the flag." The flag does not always follow the trade, but certain influences do grow out of trade between two countries which are valuable to both countries, and such commercial considerations have governed the action of the great powers in partitioning the islands of the Pacific, and they are valuable in this case to both countries.

Hawaii does receive certain moral benefits from the trade. The fourth article insures her against any intrigues on behalf of any other power and, on the other hand, it insures you against any other power getting a hold there. The question has been before you several times when the United States has met it by saying that they could not permit any foreign power to obtain political influence there. Our islands were thrown open to your people, and to-day we welcome those of your people that come there; they are well protected in every way and the taxation is only three-quarters of 1 per cent. upon their property. All these advantages are conceded to you. Now you want to know whether the trade of the country is valuable to the United States. That depends on what you consider the value of trade. Our population buys of you on an average \$40 per capita. England buys of you only a little over \$10; there are 80,000 Hawaiians, and therefore it takes five times as many Englishmen, or 400,000, to buy of you as much as Hawaii does. If you will take the same figures you will find they are worth to you more than 3,000,000 Frenchmen, and 4,200,000 Brazilians as your trade now stands; Japan with 36,000,000 does not buy of your domestic exports as much as we do. Take the whole domestic exports of San Francisco. They amount to \$37,000,000, of which wheat gives \$21,000,000; and of the \$16,000,000 of general exports of San Francisco more than one-fifth goes to Hawaii. Abrogate this treaty and you strike down that trade. You strike down the vessels that go there under the American flag. Of course you have the right to abrogate the treaty if you see fit, but you must take into consideration all these facts before doing so hastily.

Mr. MILLS. I am sorry to say that our time is limited and you will have to stop now. Hereafter, you may reduce to writing anything further you have to say and it will be printed.

Mr. CARTER. I had hoped that I would have time to reply to all the arguments on the other side, but I thank you for the privilege of completing any further argument I may have to make.

We claim that the treaty has built up and maintained a large and growing commerce under the American flag, that it has opened for your citizens a valuable field of operations in the Pacific, where you, for reasons of great gravity, desire to hold a preponderating influence. I have shown that we buy of your products and manufactures at least \$40 per capita for our population. We also contribute to your commerce in freights and other business charges, as shown in the balance of trade, some two and one-half millions, in all a contribution of \$70 per capita to your export trade and commerce—a sum, I venture to assert, ten times greater than the per capita contribution to American trade than is made by any other nation, and averaging nearly twenty times as much as other nations on this continent excepting Canada, as shown by the following table found in a letter of the Secretary of State to the Committee on Foreign Relations of the Senate:

The following statement shows the per capita consumption of American products and manufactures in the several countries on this continent, British North America excepted:

Countries.	Population.	Exports from the United States.	Amounts per capita.
Hawaii.....	70,000	\$3,523,000	\$50 00
Mexico.....	9,300,000	12,744,000	1 36½
Central America.....	2,660,000	3,608,000	1 36
United States of Colombia.....	3,000,000	6,380,000	2 09
Venezuela.....	2,075,000	2,427,000	1 17
The Guianas.....	295,320	2,306,000	7 82
Brazil.....	12,000,000	8,695,000	72½
Uruguay.....	500,000	1,368,000	2 74
Argentine Republic.....	2,500,000	5,075,000	2 03
Chili.....	2,500,000	3,267,000	1 31
Bolivia.....	2,000,000		
Peru.....	2,700,000	1,071,000	40
Ecuador.....	1,000,000	629,000	63
Spanish West Indies.....	2,307,000	13,135,000	5 69
British West Indies.....	1,133,000	8,849,000	7 98½
French West Indies.....	384,000	1,821,000	4 75
Hayti.....	572,000	2,760,000	4 82
San Domingo.....	290,000	1,294,000	4 46
Total.....	45,216,320	75,389,000	1.668

If Hawaii had 2,000,000 people you would think their trade worth keeping. Yet these figures show that Hawaii buys more than the average purchases of 2,000,000 people of the neighboring countries on this continent, except British America.

I submit that if any foreign trade is worth having that which this treaty has built up is. Our opponents will say, "You pay too much for it in the remission of duty."

The United States admitted free of duty last year of foreign goods over \$196,000,000 in value. Of this amount only about eight millions came from Hawaii—about 4 per cent. Yet Hawaii was the only nation who made any concession in return for the free entry of goods. Is it right to single out that trade for destruction?

If it be said its benefits are too largely local and for one section, it may be shown that many of the exports from San Francisco, such as cotton manufactures, tobacco, &c., are of Eastern origin, and, further, that most any law affecting tariffs or commerce will benefit one section more than another. Under the law and system of drawbacks on refined sugar, to which Mr. Searles has drawn attention, it will be seen that the exports from New York are over fourteen millions, while from San Francisco they are only \$200,000. (See United States Statistics of Exports.) This advantage of geographical position would seem to be greater than that of San Francisco in the Hawaiian trade. It enabled the New York refiners to work over and refine 223,000,000 pounds of sugar, which is larger than the whole product of the Hawaiian Islands. Yet the system is doubtless a wise one. The Pacific States have powerful rivals in the trade of the Pacific, and need this treaty to aid them.

Allusion has been made to the amount of Hawaiian imports from other countries. The total imports from countries other than the United States into Hawaii amount to about \$12 per capita, while the consumption of the people of the United States is over \$10 per capita, foreign imports into the United States being for 1885, 577,000,000. Thus the Hawaiians are not much greater consumers of foreign goods than the Americans themselves.

Hawaii builds her ships and steamers in America, and they contribute in no small degree to the ship-building interests of the Pacific coast.

I am convinced that if our islands lay on your Atlantic side, holding a position rela-

tive to that which they hold on the Pacific and the importance of this treaty was understood as it then would be, you would not think of abrogating it. Indeed if the proposition to abrogate had come from Hawaii you might have justly accused us of doing wrong, of a desire to break off our trade with you and confiscate the large investments of your citizens in permanent improvements in our country. Its abrogation would work serious injustice to your own citizens who have embarked in enterprises under its sanctions and be unfair to the nation which has linked its commercial prosperity with yours and which has struggled with many difficulties to keep her faith with you and aid in building up the commerce and trade which now exists.* Mr. Chairman you have a right to abrogate this treaty, but I think you will pause before you take such a step. Apart from the trade and commerce destroyed, apart from the American capital to be lost, apart from the political complications hazarded, I think you will find in the complaints against the treaty nothing to justify the idea that American interests are injured, the whole production of Hawaii and Louisiana combined not being one-sixth of the consumption of the United States, and that consumption increasing with great rapidity.

It would be a strange thing to see a treaty abrogated because it had benefited American citizens too much, or had made too much trade, on the ground that it admitted \$8,000,000 of goods duty free in a total of nearly 200,000,000 admitted free of duty.

There is much in this treaty that takes it out of the category of ordinary reciprocity treaties: the geographical position of Hawaii, lying far within the western limit of United States territory; their strategic importance, especially under the rules laid down in the treaty of Washington. The treaty forbids the sale or lease of any harbor or territory to any other power; forbids export duties; gives no other nation equal privileges. These are all exceptional stipulations growing out of exceptional causes. At first it was resisted by the Great Powers. It has been sanctioned by the diplomatic action of Great Britain, Germany, and Portugal, and now this treaty so favorable to the United States has become, as it were, part of the international law regarding the status of Hawaii and remains such as long as the treaty continues in force. The United States have privileges acknowledged by the powers which no other nation can share. Abrogate it, and equal rights come into force. If any reciprocity treaty was ever justified and is desirable surely this is. I think you will find in the proposition to abrogate it something inconsistent with the continuity of purpose which should characterize a great nation in its commercial and national policy; something contrary to the larger ideas of trade which are growing up in this country; something disloyal to the grand possibilities that await this country on the Pacific Ocean. The treaty was not carelessly made, and grave responsibility will rest upon those who cause its abrogation, with its guarantees.

No 92.]

LEGATION OF THE UNITED STATES,
Honolulu, October 13, 1883.

SIR: I have the honor to inclose herewith, from the Saturday Press of this date, a statement of the principal sugar plantations on the Hawaiian Islands, embracing their estimated value and the nationalities of their proprietors. It will be observed that of the sixty-nine plantations named forty-eight are credited mainly to American ownership, with a valuation of \$10,235,464, out of an aggregate valuation of \$15,886,800.

Very respectfully, your obedient servant,

ROLLIN M. DAGGETT.

Hon. FRED'K T. FRELINGHUYSEN,
Secretary of State.

**Statistics commerce and navigation of the United States, 1885.*

(Page 824) American vessels in foreign trade from foreign countries:

Total	425	
From Hawaii		127

(Page 847) To other countries:

Total	462	
To Hawaii		114

887 241—or over one-fourth.

[Inclosure in No. 92—From the Saturday Press, October 13, 1883.]

Statement of sugar plantations on the Hawaiian Islands, 1883.

Name of plantation.	Value.	American.	British.	German.	Hawai- ian.	Chinese.
Hawaiian Agricultural Company.....	\$600,000	\$565,000	\$35,000			
Planting interests.....	150,000	50,000				\$100,000
Halawa Sugar Company.....	100,000	98,000	2,000			
Planting interests.....	50,000	30,000	20,000			
Onomea Sugar Company.....	240,000	240,000				
Paukaa Sugar Company.....	170,000	170,000				
Honolulu Sugar Company.....	200,000	110,100		\$89,900		
Kaueohe Plantation.....	175,000	175,000				
Wailuku Sugar Company.....	360,000	324,750	4,500	3,750	\$27,000	
East Maui Plantation.....	100,800	62,300	4,200	27,300	7,000	
Makee Sugar Company.....	500,000	500,000				
Kilauea Sugar Company.....	300,000	151,000	149,000			
Kealia Plantation.....	250,000	250,000				
Lihue Plantation.....	600,000	428,514		171,486		
Planting interests.....	120,000	120,000				
Kolon Sugar Company.....	300,000	67,500		232,560		
Planting interests.....	40,000	40,000				
Princeville Plantation.....	300,000	279,000			21,000	
Eleele Plantation.....	150,000		75,000	75,000		
Planting interests.....	20,000			20,000		
Kekaha Plantation.....	150,000	56,250		93,750		
Planting interests.....	50,000			50,000		
Waialua Plantation.....	150,000		150,000			
Waimanalo Sugar Company.....	216,000	74,500	6,000	12,360	123,140	
Olowalu Sugar Company.....	160,000		49,000	60,000	51,000	
Hitchcock, Brothers & Co.....	200,000	200,000				
Haiku Sugar Company.....	500,000	500,000				
Pepeekeo Plantation.....	400,000					400,000
Alexander & Baldwin.....	250,000	250,000				
Planting interests.....	100,000	100,000				
Kipahulu Plantation.....	125,000		125,000			
Planting interests.....	100,000	67,000	33,000			
Ookala Sugar Company.....	250,000	50,000	175,600		24,000	
Kohala Sugar Company.....	500,000	499,000	51,000			
Pioneer Mill Company and planting interests.....	500,000	500,000				
Haua Plantation.....	250,000			*250,000		
Grove Ranch.....	200,000	183,250	4,250	12,000		
Waihee Sugar Company.....	250,000	250,000				
Makee Plantation.....	100,000	100,000				
Hawaiian Commercial Company.....	2,000,000	2,000,000				
Waikapu Plantation.....	250,000	125,000			125,000	
Hakalau Plantation.....	300,000	300,000				
Star Mill.....	200,000	150,000	50,000			
Hilea Sugar Company.....	300,000	240,000	60,000			
Naalehu Plantation.....	500,000	375,000	125,000			
Honokaa Sugar Company.....	200,000	26,000	94,000	80,000		
Planting interests.....	50,000	50,000				
Hawi Mill.....	150,000		150,000			
Planting interests.....	150,000		150,000			
Union Mill.....	120,000		120,000			
Planting interests.....	80,000		80,000			
Spencer's Plantation.....	200,000		200,000			
Paauhau Mill Company.....	200,000	100,000	100,000			
Planting interests.....	100,000				100,000	
Wainaku Plantation.....	75,000	37,500	37,500			
Pacific Sugar Company.....	100,000	39,000	25,000	26,000	8,000	
W. Lidgate & Co.....	400,000		400,000			
Waiakena Plantation.....	160,000		160,000			
Hamakua Plantation.....	250,000		250,000			
Niuli Mill.....	80,000		80,000			
Planting interests.....	50,000	20,000			30,000	
Moanui Plantation.....	60,000					60,000
Kamaloo Plantation.....	50,000	50,000				
Meyer's Plantation.....	10,000			10,000		
Waianae Sugar Company.....	170,000	96,800	5,000	3,500	64,700	
Laie Plantation.....	75,000	75,000				
Heeia Sugar Company.....	200,000	100,000	100,000			
Reciprocity Sugar Company.....	80,000	10,000	10,000		60,000	
Huelo Plantation Mill and plant- ing interests.....	150,000		100,000			50,000
Estimated value sugar interests in the kingdom.....	15,886,800	10,235,464	3,180,050	970,046	641,240	560,000

[Extract from Report of Secretary of the Treasury, 1883.]

“Charges of fraud and irregularity in the administration of the law enacted to carry out the treaty with Hawaii, so far as concerns the exemption of sugar from duty, having been made both in public bodies and public prints, I appointed a commission of three trustworthy persons (one of whom was nominated by prominent representatives of the sugar trade of New York) to go to San Francisco and Portland, Oreg., and, if necessary, to the Hawaiian Islands, to fully investigate the matter.

“They were given the fullest latitude to examine into all branches of the subject, and have executed the commission with intelligence, fidelity, and thoroughness. Their report, which will be duly transmitted to Congress, fails to show that such charges have any foundation. It tends strongly to prove that the character of the sugar imported from these islands since the treaty went into operation is essentially the same as that which was imported prior to the treaty, both as regards the grade of sugar admitted and its country of origin, and that the treaty has been fairly executed. The statement in the report that the sugar interest is largely other than American has called forth from the Hawaiian Government a counter-statement, with a table showing that of \$15,886,800 of assessed plantation property over \$10,000,000 is owned by American citizens. This large interest, it is claimed, is growth from the treaty, and that it is profitable to the owners, many of whom are residents in this country.

“*The industry and the free market opened have given rise to a trade in its nature and effect like our interstate trade, covering a wide range of articles, affecting profitably the American farmer, grocer, and manufacturer of small articles of household and farm use, as well as the larger manufacturers in metals and of machinery and cottons.* The exports in these commodities have so grown that the trade of San Francisco with the Hawaiian Islands is third in its importance, being equaled only by that with Great Britain and China, and exceeding that with Mexico, Australia, or British Columbia.

“Many of the articles of this trade, such as hay, grain, lumber, &c., are so bulky that they employ a shipping large in proportion to their value, and much of this is American.

“The impetus given to Hawaiian inter-island commerce has also inured to the benefit of Americans, in calling for coasting steamers and sailing vessels which have been built in American ports.

“The balance of trade growing from the earnings of American commerce—the commissions of merchants and bankers and the profits of American citizens—is believed to be in favor of this country, as the course of exchange, as this Department is informed, is constantly against the Hawaiian remitter to the extent of from $1\frac{1}{2}$ to 2 per cent. To reconcile this with the statements of the values of exports from this country to Hawaii, and of the imports into this country from that, which show an excess of imports, the fact must be weighed that the commodities landed there from here have an added value when they reach there from the cost of carriage which adheres to them. The carriage is by American vessels mostly, and the cost of carriage earned by our citizens should be put to that side of the account.

“The report of the commission shows that but for the free entry awarded by the treaty the revenue on the sugar imported would have been about \$3,000,000, computed at an average duty of \$3.18 per 100 pounds.* Yet there is a countervailing benefit to our citizens. The increase in value of Hawaiian sugar has been but \$1.57 per 100 pounds.

“*As the sugar comes in free it may not have been as strictly classified as that on which duty is assessed.* That the consumer has received some benefit is thus shown, and this notion is confirmed by the market price of sugar in San Francisco before and since the treaty, being an average of $1\frac{1}{2}$ cents per pound in favor of the consumer since the treaty. *Thus the loss of revenue is on a trade which might not exist but for the beneficent operations of the treaty.*”

The portions of the report now italicised are worthy of particular attention.

STATEMENT OF MR. KING.

Mr. KING, of Louisiana. I am not prepared to make a detailed or specific argument in support of the abrogation of this treaty at this time. I was not aware that the discussions were on foot; I came in accidentally, but I understood as I came in that statements had been made to the effect that Louisiana was content with the treaty. I wish most clearly to deny that. On the contrary, the planting and manufacturing and commercial interests of Louisiana have joined in petitions to Congress requesting the abrogation of this treaty, and at the instance of the sugar interests of Louisiana I myself

*This amount is much exaggerated, being based on \$3.18 per 100 pounds duty, which, on such sugars now (1886), would be about \$1.80 per 100 pounds.

introduced a bill for the abrogation of the treaty. In the minds of all the intelligent people of the State and all interested from either point of view this treaty is regarded as pernicious; it is looked upon as affording no advantage to this country. As to the labor employed there, we know that the coolie labor is equivalent to slavery and we know that slavery in tropical climates will always exclude free labor, and therefore it must be an obstacle to United States free labor. The freeing of negroes in the South has put thousands and thousands of human beings upon the list of those who must contend themselves for the bread of life, and in that State which is but now rising from the ashes we know there are many and many thousands who depend upon such protection as derived from a tariff on sugar for their daily bread. If you are going to make war against your own people to destroy slavery in one section, why do you give protection or encouragement to-day in another part, killing thousands and thousands of men to free slaves in your own country and then using your power to destroy the means by which these free-men get their bread. On the other hand, it is a fact apparent to every intelligent man that no revenue comes from this source. On the contrary, it is simply a blockade-running port. The Hawaiian Islands bring you no commerce. It is shown by the statistics that not more than a third goes from this country in the way of goods to these islands as come here in the way of sugars. So under neither aspect do the people of Louisiana, and I believe the people throughout this country who regard this thing with any degree of intelligence, approve of this treaty. I will now yield the remainder of my time to the gentleman who preceded me, if the committee will permit me to do that.

STATEMENT OF MR. JOHN E. SEARLES, JR.

Mr. SEARLES said: Mr. Chairman, I did not expect to take any of the time of the committee and would not do so except to correct some of the statements of Mr. Boutwell and Mr. Carter. In the first place, I want to say that this matter of the Hawaiian treaty is not, as intimated by Mr. Boutwell, before the committee or the House of Representatives on the petition of the Eastern sugar refiners. They have made no petition on the subject. Mr. Morrison, the chairman of this committee, introduced in the House a bill for the abrogation of this treaty, and I think Mr. Mills another, without any request that I am aware of from anybody, but in the line of their duties and in the interest of the Government.

As a member of the commission that visited the islands on behalf of the Treasury Department, I was requested by the chairman of this committee to furnish a statement of what I had seen and heard, and my views about the treaty; hence I have prepared the paper which has been printed at his request, and to which reference has been made by the gentlemen who have spoken.

Respecting the effect of the treaty upon the islands Mr. Boutwell suggests that it is no business of ours, but inasmuch as it is a well-known fact that one of the controlling arguments in the United States Senate at the time the treaty was made was the benefit it would be to the native population and the development in the islands of American influence, I insist that the fruits of the treaty in this direction are a very important factor in the present discussion.

In reply to the question as to the great influx of Chinese, Mr. Carter made the statement that "the accession from China was some years ago. For some years past, however, an imperial edict of China has forbidden the embarkation of any Chinese subjects to Hawaii," and he says further that a limitation is also put on it by the Hawaiian Government which amounts to a prohibition.

It was in March, 1884, that the limitation referred to was promulgated, and yet in the face of this statement as to its prohibitory character the report of Col. C. P. Iaukea, collector-general of customs at Honolulu, shows that in the first nine months of 1885 the arrivals of Chinese were 2,664, departures 875, a net increase of 1,789, with the addition of 1,961 Japanese. The "Hawaiian Annual," in its retrospect of the last year, referring to the census enumeration of 1884, which showed the presence of 17,937 Chinese, nearly all adult males, says: "For reasons best known to the Government, new hands for the most part were intrusted to perform this important work with such instructions as have given ground for questioning the accuracy of the record and the classification, observant residents believing that the natives are classed too high and the Chinese too low."

Mr. Carter tells us that this importation of coolie labor was a necessity on their part *by reason of the treaty*. He says: "And we are called in question this day because of our fidelity very largely to that treaty."

If this be true, and we are to be held responsible for the disastrous effect, socially and politically, of the treaty, we should certainly give this feature of it due consideration.

I am not a little surprised at the statement of Mr. Carter that he, when the treaty was

under discussion, suggested that under certain conditions the crop of the islands might reach eighty or ninety thousand tons. In fact, I am bound to believe that on this point his memory is at fault. As I have before stated, the friends of the treaty in urging its adoption claimed that the maximum would be reached at 12,500 tons, but the chairman of this committee, Mr. Morrison, in a minority report against the treaty, said:

"Under this treaty by which this sugar is admitted free and the producers thus given 2½ cents per pound bounty over all other sugars of like quality imported, we shall receive the entire crop. This, with the production encouraged by this bounty, amounting to about 50 per cent. ad valorem, will average not less than 50,000,000 pounds per annum. This is the quantity at which the Hawaiian commissioners fixed the sugar production of the island." (See report 116, part II, House Reps. 44th Cong., 1st session.)

Now, this report, which is a matter of record, gives the Hawaiian commissioner—Mr. Carter—as authority for 25,000 tons as the maximum capacity, which, I have no doubt, is the correct version. The fact remains that the production has reached four times what the makers of the treaty prophesied as its utmost limit.

Mr. MORRISON. Yes; and when I talked about 50,000,000 pounds they laughed at it as absurd.

Mr. SEARLES. And the then chairman of this committee, Mr. Wood, in his report advocating the treaty, said: "It cannot be said that the admission of Hawaiian sugar will have the least influence upon the sugar market in the Atlantic States, for it is impossible that this sugar can in any way come in competition with it."

Nevertheless, 29,000 tons were shipped east last year, and this year 50,000 tons must be marketed here. To-day there are 5,000 tons of Hawaiian sugar being delivered in New Orleans in direct competition with and depressing the value of native sugar.

Mr. Carter has told us how when this treaty was concluded the islands opened their arms to receive the products of this country, especially our machinery and manufactured goods, but he failed to tell us that immediately he had concluded his labors as one of the negotiators of the treaty on behalf of the Hawaiian Government, he proceeded directly to England to purchase sugar machinery for the islands, and that an agent of Merliss & Tate, Glasgow, was induced to go to the islands, where he took large orders.

Mr. CARTER. That is a mistake so far as Merliss & Tate are concerned. I made no terms with them.

Mr. SEARLES. But you did go to England, then, to buy machinery; and the statement in the report is correct that the great bulk of the machinery came from England and Scotland. By your own figures you have shown that in the year 1884 (the best year since the treaty for the purpose of your statement) only 70 per cent. of the machinery imported was from this country, the other 30 per cent. from abroad. So it would seem that the arms of the islanders were open to all countries; and the Hawaiians, like everybody else, buy their goods where they can buy them cheapest—even the bags in which they send us their treaty-free sugars being of foreign manufacture.

Mr. Carter has stated here that the average polarization of their sugar is 88 degrees. In the light of this extraordinary statement let me read an extract from the report of the "Hawaiian Commercial and Sugar Company," made a few weeks ago in San Francisco. In closing the report, they say: "Of the whole crop of 1885, 80 per cent. of the sugar, over 5,300 tons, was No. 1, the average polarization of which was 96.5 per cent. of sugar; the remaining 20 per cent., second and third grades, averaged a polarization of 85½ degrees."

This makes the average of the whole crop 94.30. I stated in the Bureau of Statistics the other day, in answer to an inquiry, that I thought a fair average would be 93; so you see I gave them a margin of 1.30, according to this statement, and from personal inspection of a large number of the estates and samples of the sugars seen in Honolulu and in San Francisco, and from the testimony of planters as to polarization, I am satisfied the figure I name is within the facts.

Mr. Carter has referred, in a vein of dissatisfaction, to statements made by me in regard to percentages, and I want to leave it to the committee whether there is any misstatement or any intimation of anything of the kind of which he speaks in it. The question was frequently asked in reference to this treaty: "While our exports have increased have not the exports of other countries to the islands increased likewise?" And in order to answer that question the report of the commission which I quote states this fact: "While it is true that the islanders have increased their imports from this country to a considerable extent their imports from other countries with whom they have no treaties have increased in very nearly the same proportion. The tables furnished in the report show that while prior to the treaty the islands bought from us 61 per cent. of all their imports the amount under the treaty has been only 70 per cent., an increase of but 9 per cent. in the products of this country, while, says the report, 'statistics furnished by the agents in Honolulu show that the great part of the sugar machinery purchased for the islands came from abroad.'" Now, I would like to know

whether there is anything unfair in this statement? It simply shows that since the treaty there has been an increase of only 9 per cent. in the proportion of imports from this country, and I refer to the accompanying tables furnished us by the Hawaiian Government, showing their importations of each year and the percentages in each year coming from this country and other countries, and demonstrating the correctness of my figures. Mr. Carter tells us that a year later, in 1884, their imports were four-fifths from this country, and then he gives the figures, which show them to have been only 72 per cent.

Mr. McKINLEY. Have you the value of the exports before the treaty was made?

Mr. SEARLES. Yes, sir; it is all printed in my statement. But for "jugglery of figures" commend me to the labored effort of the gentleman to explain away the enormous difference between our exports to and our imports from the islands. Mr. Carter has laid great stress on the statement that the invoice value of the sugars is no criterion at all, and he charges his people with dishonesty in invoicing their sugars for the purpose of drawing against them a larger amount than they ought. What are the facts? When a shipper presents his invoice to the United States consul in Honolulu he has to swear that it contains the true value and character of the sugars in the port of Honolulu, including the amount of commissions and shipping charges, and properly so, because they are all paid in Honolulu. Now, this is what is required in every other port in the world where they ship sugars to the United States. The value of sugars as shipped in Honolulu is the correct value of the sugars, and this is the value stated in our table of imports, and it represents what we actually pay the Hawaiians.

If it were true, as he states, that their sugars were of the same average cost at port of shipment as the sugars of other countries, and if, as he says, they were of the same classification as other sugars, then his argument would have some force, but his premises are utterly without foundation.

The same rule as to valuation applies to our exports. The figures give the value of our goods delivered to the vessel at the port of shipment in this country, and our exports to Hawaii are placed on exactly the same footing as to all other countries. The tables I have given as to our exports and imports are correct, and show precisely the relations of the two.

Mr. Boutwell refers to a calculation made on the exports of 1883, the pinnacle of that branch of the business, but both he and Mr. Carter ignore the figures of 1885, when our exports had declined 25 per cent. and our imports increased 50 per cent. over the figures of 1883.

Another point where Mr. Carter misstates the facts is respecting classification. The figures in the report of the Bureau of Statistics show that the average amount of duty assessed on these sugars prior to 1884 was 3.15 cents. The commission inquired in San Francisco whether this was based on the invoice entry when the sugar was imported or on the classification made by the appraisers. They said it was based on the invoices as presented. We were not content with that, and set clerks at work, and from the appraiser's returns, showing the official classification of every cargo since the treaty was adopted up to and including 1883, we found that the sugars were of a higher grade than they were invoiced by the shippers, that the shipper's average put them at 3.15, when they were actually 3.17, a trifle higher. Now, the figures on which this loss of duty is computed in my statement are the figures of the Bureau of Statistics, based on the invoice entry of these sugars, and there is no reason to suppose they are too high. On the contrary, as I have shown, the classification is really too low, and if there is any error it is that the figures showing loss of revenue are too small.

The letter of the collector of San Francisco, to which he refers, has no relevancy whatever to the subject, as it refers to sugar above No. 20, which, under a decision of the Treasury Department, would pay duty.

The gentleman further makes the point that the loss of revenue is only a loss of what we might not have had. That is absurd. We consume in this country a given amount of sugar, regardless of whence it comes. If we do not get it from the Sandwich Islands we will get it elsewhere, and duty will have to be paid on it. So that the amount of Hawaiian sugar imported displaces just so much of duty-paying sugar, and this duty-paying sugar will give us just as much in commissions, freights, insurance, wharfage, pilotage, &c., as the duty-free sugar we now receive; and if, as he suggests, we are compelled to import lower grades of sugar, it will take more of them, and these items will, many of them, be increased.

Mr. McKINLEY. Do you claim that the valuations of our exports are computed by the same rule as the imports?

Mr. SEARLES. Precisely the same, as it is with every country in the world. Everything exported is exported at its invoice value on board the vessel. All we import is at its value when it left the other side.

Mr. BRECKINRIDGE. What is the amount of sugar needed for the country west of the Rocky Mountains?

Mr. SEARLES. About 60,000 tons; and the Hawaiian sugars are of so high grade that they import from Manila and Central America from fifteen to twenty thousand tons to mix with them, and from which, also, to make refined sugars for export.

And now I come to notice the statements made concerning the American ownership in plantations and sugar-mills in the islands. I confess I was not prepared to see the Hawaiian minister—who, being interested in a commercial house in Honolulu, certainly has abundant facilities for knowing it to be untrue—file a statement with this committee claiming that two-thirds of the estates in these islands belonged to Americans. This claim so oft repeated has been the main reliance of the parties interested in perpetuating the treaty, and for that reason has been persistently put forward, regardless of the facts which utterly disprove it, as I propose to show.

When the commissioners visited the islands we found that every plantation was represented by an agency in Honolulu, and we prepared a series of questions to be answered concerning each plantation, comprising name and location of plantation and mills; name of owner or stockholders; when started; capital invested; acreage under cane and rattoons; acreage cultivatable; production in 1875 and 1882; cost of machinery—when imported, and when imported; labor employed; amount of sugars exported, &c.

The commission houses or agents responded in each instance to these inquiries, and we were thus furnished with the list of owners. We then inquired as to the nationality of each of the owners, and as the result we made this report:

“The statement which has been frequently made that the greater proportion of the sugar-planters are American citizens we found to be without foundation. Careful inquiry on this point regarding each of the estates on the islands shows that, aside from the Hawaiian Commercial and Sugar Company (a company organized in San Francisco), less than one-fourth of the owners of sugar estates and persons engaged in the sugar business are citizens of the United States. With a few exceptions, the business is in the hands of German and English citizens or Hawaiians. Among the latter are some who were born in the United States and have renounced allegiance to our Government, or who, born in the islands of American parentage, claim Hawaiian citizenship.”

In estimating the interest of Americans at less than one-fourth the Commissioners were liberal, giving the benefit of the doubt to the other side.

Some of the agencies reported not a single American, all German or English or Hawaiians or Chinese, or these combined. The firm representing the largest American interest was that of C. Brewer & Co., of which Mr. Carter here is a member.

Mr. CARTER. I have to correct that statement. I could not hold my position here if that were true.

Mr. SEARLES. Are you not a member of the firm of C. Brewer & Co.?

Mr. CARTER. I have some stock in it, but I am not a member of it.

I did not mention this to the discredit of Mr. Carter, but simply to credit his house with representing the largest number of Americans of any house in the islands.

Mr. BRECKINRIDGE. Can you state what is the aggregate amount of American investment in the islands?

Mr. SEARLES. Aside from the Hawaiian company before referred to, it will not exceed \$3,000,000.

Immediately the report of the commission was published it was seen that this statement as to American ownership would damage the treaty, and its friends set to work to break, if possible, its force. In lieu, however, of any official statement from owners or agents a newspaper report was prepared, a copy of which Mr. Carter has filed as evidence, and while Secretary Folger was preparing his annual report the representative in Washington of the Hawaiian Government called his attention to these figures, and in the absence of the members of the commission he was led to insert as “from the Hawaiian Government” these unofficial, irresponsible, and utterly incorrect figures, as also other statements from the same source and which are equally unreliable, and this report of the Secretary is appended to Mr. Carter’s statement. The claim made in this statement is that \$10,000,000 out of \$15,886,800 of sugar property in the islands belongs to American citizens. In examining, in the light of the official statements of agents as to ownership, the list of the estates—the originals of which I propose to place in the hands of the committee—I find in the first place a large number classed as Americans who are Hawaiians. Although of American parentage, they were born in the islands; others went from this country, some of them twenty and thirty years ago, married native women, have become Hawaiian citizens, and held office under that Government. These people, who by birth, citizenship, and interest are Hawaiians, all stand up to be counted as Americans whenever the subject of the treaty is broached, but have no more right to that honorable distinction than Mr. Spreckels and his sons to claim that they are German subjects.

These go to make up the largest part of Mr. Carter's newspaper list of Americans when he counts his \$10,000,000 capital. In this particular the treaty has been sailing under false colors long enough. The real American interest in the islands, like the truly American population, is very small in proportion to other nationalities. The United States Government has paid the bills, while Hawaiians, English, Germans, and Chinese have pocketed the great bulk of the profits, laughing in their sleeves, and often openly, when anybody talks of American influence and dominance in the islands.

Mr. Boutwell is right when he says that it was so arranged that the benefits of this treaty should be divided between Mr. Spreckels and the planters. It has worked out just that result; and while it was kept within bounds the people of this country did not complain, or at least not very loudly, but it has now become a matter of too great importance to continue it on that basis.

But, says Mr. Boutwell, suppose we should raise sorghum or suppose we should have free sugar, how would the account stand then? Mr. Carter has himself answered this question when he said, "If there were to have been no advantages to Hawaii in this treaty Hawaii would not have made this treaty;" and the moment by a change in our tariff or by whatever means the treaty ceases to be largely in the interest of Hawaii, or they can make a better bargain anywhere else, the Hawaiian Government will not be slow to give notice of the termination of the treaty. The option is not solely with us, but King Kalakana, whenever he or his advisers shall deem it to their advantage, may also abrogate.

Attention has been called by Mr. Carter to the development of our shipping in the carrying trade with Hawaii, and he speaks of two lines of steamers and subsidies. Well, prior to the treaty we had an American line of steamships (the Pacific Mail Steamship Company) monthly from San Francisco to Australia, which called both ways at Honolulu. This line is now withdrawn, and in lieu of this Mr. Spreckels's line of steamers runs to Honolulu and there connects with a New Zealand company for Australia. Mr. Spreckels has recently bought for this line, in addition to his two American steamers, two English steamships that are to sail under the Hawaiian flag, and they receive, according to Mr. Carter's statement, a subsidy of \$24,000, but he is mistaken about the subsidy to the Pacific Mail Company. I have a telegram from the president of that company, dated March 11, as follows:

"Our steamers were withdrawn from Australian line because our mail contract was not renewed. Our China steamers still call at Honolulu as business justifies. We never did and do not now draw a bonus.

"J. B. HOUSTON,

"President Pacific Mail Steamship Company."

But it will not do to insist that this \$4,000,000 bounty on sugar is to subsidize our ships on the Pacific. If so, is it not better to invest it where we can get more for our money? Four million dollars in subsidies on the Atlantic would give us the exclusive carrying trade for a million tons of sugar and of our total exports to all the West Indies and South America.

Nor is it reasonable to claim, as does Mr. Carter, that to abrogate the treaty will obliterate our trade with the islands, and ruin everybody connected therewith. Let us not forget that the United States is the natural and only market of any value for the produce of the Sandwich Islands; that this country is the natural source of supply for a large proportion of the wants of the islands, and the reimposition there of the 10 per cent. duty on our products will not be a material obstacle to trade. Then, as now, they will buy of us whatever they can buy as cheaply here as elsewhere; our vessels will still bring sugar, because, with a soil unequalled for sugar-raising, a climate which is perfect, and labor plentiful, the planters of Hawaii can compete with any country in the world. The surplus population of Chinese will return to their own country, and the condition of the people socially and politically will thereby be vastly improved.

There remains but one more argument which is of sufficient importance to touch upon, and that is the political consideration urged for the retention of this treaty, and on this point I beg leave to suggest—

(1) We need have no fear of any other of the great powers replacing us in the treaty matter. England has free trade in sugar and cannot protect her own sugar-raising colonies against the beet crop of Europe. France is an exporter of sugar, also with sugar-growing colonies on her hands, and Germany is the greatest sugar producer in the world, depending on other countries for a market.

(2) The treaty we have with the islands is only a commercial treaty and otherwise has no material advantages or guarantees for this country; neither has it the element of permanence.

(3) There exists already a treaty guaranteeing the autonomy of the islands executed

by Great Britain and France in 1843 and approved by the United States, which reads as follows:

Declaration of Great Britain and France relative to the independence of the Sandwich Islands, signed London, November 28, 1843.

Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, and His Majesty the King of the French, taking into consideration the existence in the Sandwich Islands of a government capable of providing for the regulation of its relations with foreign nations, have thought it right to engage reciprocally to consider the Sandwich Islands as an independent state and never to take possession either directly or under title of protectorate or under any other form of any part of the territory of which they are composed. The undersigned, her majesty's principal secretary of state for foreign affairs, and the ambassador extraordinary of His Majesty the King of the French at the court of London, being furnished with the necessary powers, hereby declare in consequence that their said majesties take reciprocally that engagement.

In witness whereof, &c.

(Hertstet's Commercial Treaties, vol. 9, p. 255; Cong'l Library.)

I am informed by lifelong residents of the islands, that from the time of this declaration no effort was ever made on the part of either France or Great Britain to obtain any foothold in the islands, but that the agreement was carried out in spirit as well as in the letter.

(4) The suggestion is made that if we stop paying tribute some other nation will seize upon the islands and appropriate them whether we will or no, but I have not yet so far lost respect for the Government of the United States as to admit for a moment the possibility of any foreign power acquiring these islands except with the consent of and under conditions satisfactory to this country.

The admission of such an idea is a confession of weakness which no true American can afford to make.

OPPOSITION TO THE HAWAIIAN TREATY.

The Representatives of Louisiana desire to lay before the Committee of Ways and Means their solemn protest against any further continuance of the unjust operations of treaty of 15th August, 1876, between the United States and the King of the Hawaiian Islands.

This treaty seriously affects the revenues without any valuable equivalent, and cannot be justified on principles of either revenue or protection.

It has resulted in a loss of nearly \$23,000,000 to the revenue in the past nine years, which has operated as a bounty of a like sum to the alien subjects of other lands, with whom we have little in sympathy.

During this same period the production of sugar and rice in our own country has been unsettled and kept in uncertainty by almost yearly efforts at unfriendly legislation on the part of Congress, depressing these interests to a stage of bare existence.

On the other hand, look at the effect upon the Hawaiian Islands of the bounty given them by this treaty act of Congress.

New fields have been each year added, old plantations enlarged, costly machinery, mostly from England and Scotland, erected, and greater development and prosperity have been enjoyed there than in any other agricultural district in the known world.

Under this, to them, benign treaty the value of their crops has increased from \$1,376,681 in 1876 to \$8,611,675 in 1885, with a much larger crop for 1886.

During the past nine years the duties remitted on importations are estimated at nearly \$23,000,000, which has been enjoyed by certain sharp speculators, of whom seven-eighths are either the subjects of the German Empire or may have adopted Hawaii as their home, attracted by this treaty bonanza.

The only benefit derived for this large contribution is the meager commercial profit derived from the limited trade between this country and that.

The total exports from the United States to the Hawaiian Islands during the past nine years has amounted to only \$22,872,376.

A profit of 10 per cent. on this trade under existing competition would be a large estimate and would give us a gain of \$2,287,287 against \$23,000,000 given them in bounty, in fact receiving back 10 cents for every dollar we give to the alien industries of another and a strange land, at the cost and to the detriment of our own people and of our own domestic industries.

Since 1883 the exports from the United States to the Hawaiian Islands, notwithstand-

ing the benefits they enjoy, has decreased 25 per cent.; they purchase from us only what we sell lower than others.

Under the entire operation of this treaty the total value of our exports has been less than the duty remitted on their productions.

In 1885 the duty remitted exceeded by over a million dollars the total value of our exports to them.

Their crops are largely increasing, and under a continuance of this treaty for five years in the same ratio this sum will increase to two and a half millions per annum, besides all the merchandise they may see fit to take from our shores in the mean time.

This treaty has given power to control even the King himself, and to hold the rule of a master over the thousands of laborers enticed from Europe and Asia in their enforced task-work.

The productions of this more than semi-servile labor are received by the terms of this treaty free from all duty, to compete side by side with the productions of the free labor of this country. This ought not to be.

This treaty has given power to create great corporations and combinations to put up or to put down the price of the great staples of sugar and rice at their will; to crush out the kindred industries on the Pacific coast, and to punish all opposition on the part of producers of sugar with free labor and the refiners of duty-paying sugar in the United States; and to employ talented and controlling influence at the National Capitol to fasten this wrong on the people. Again we protest against this treaty, and ask that the Committee of Ways and Means will, by report, do all they can to secure the action of Congress for its abrogation.

EDWARD J. GAY.

A. B. IRION.

L. ST. MARTIN.

N. C. BLANCHARD.

J. FLOYD KING,

M. C. 5 Dist. La.

J. B. EUSTIS.

M. HAHN.

When I entered the Forty-fourth Congress I opposed the passage of the bill for the Hawaiian treaty, and every Congress since I have introduced a bill for its termination, and have spoken for it. I have a bill now pending terminating said treaty.

R. L. GIBSON.

BONDED WAREHOUSE SYSTEM.

STATEMENT OF HENRY F. HITCH.

MARCH 2, 1886.

At a meeting of the Committee of Ways and Means in regard to extending the time during which merchandise may remain in bond.

HENRY F. HITCH was introduced, and said:

Mr. Chairman, and Gentlemen of the Committee on Ways and Means: At a meeting called and attended by bankers, merchants, underwriters, warehousemen, ship-owners, and others, irrespective of politics or views on the tariff, resolutions were passed, and we were appointed a committee to present the same to you and represent the great importance to the commerce and trade of the country of the proposed changes in the customs regulations. The character of the meeting and the diversity of business represented on this committee will show you how widespread are the interests considered as likely to be benefited by the change. With the permission of the chairman, I will read the resolutions now:

Whereas sections 2970 and 2983 of the laws of the United States now in force require all merchandise to be withdrawn from store within three years from the date of importation, and impose an additional duty of 10 per cent. if not withdrawn within one year from such time; and

Whereas duties on all merchandise are now assessed and paid upon the quantity entering store; and

Whereas the effect of these laws is seriously to impair the trade and commerce of the country by preventing the importation of merchandise until actually required for consumption, (1) because of the extra duty incurred after one year, and (2) because of the duty paid upon merchandise lost through natural shrinkage between the time of importation and withdrawal, which thus unjustly falls upon the consumer; and

Whereas foreign countries in which such regulations are not in force are thus made the store-houses for merchandise at the expense of this country, our trade diminished, and our commercial development hindered; and

Whereas it is indispensable to this country, in order to compete with foreign countries in trade and commerce in the merchandise of those countries, that it should be enabled to hold such merchandise with equal facility; and

Whereas section 5 of the bill to modify existing laws relating to duties on imports and the collection of the revenue (H. R. 5010), introduced by Hon. A. S. Hewitt in Congress, as follows:

“SEC. 5. That sections 2970 and 2983 of the Revised Statutes of the United States are hereby amended so that the same shall be, respectively, as follows:

“SEC. 2970. Any merchandise deposited in any public or private bonded warehouse may be withdrawn for consumption within three years from the date of original importation, on payment of the duties and charges to which it may be subject by law at the time of such withdrawal: *Provided*, That nothing herein shall affect or impair existing provisions of law in regard to the disposal of perishable or explosive articles.

“SEC. 2983. In no case shall there be any abatement of the duties or any allowance for any injury, damage, or deterioration sustained by any merchandise while deposited in any public or private bonded warehouse: *Provided*, That the duty assessed on merchandise withdrawn from any such warehouse shall be assessed on the quantity withdrawn therefrom at the time of such withdrawal; but no greater allowance for leakage or evaporation of wines, liquors, and distilled spirits shall be made than is or may be allowed by law on domestic spirits or wines in bond: *And provided further*, That nothing in this section as amended shall restrict or in any way affect the liability of the proprietors of bonded warehouses on their bonds: *And provided further*, That nothing herein

shall restrain or limit the exercise of the authority conferred on the Secretary of the Treasury by section 2984 of the Revised Statutes'”—
tends to correct these evils: Now, therefore,

Be it resolved, That we, merchants of New York, representing the various commercial interests of the country, do hereby recognize the wisdom and appreciate the necessity of the proposed changes in the laws, and that Congress be urged to adopt said section 5, above referred to.

Be it further resolved, That we extend to the Hon. Abram S. Hewitt our hearty encouragement and assure him of our earnest co-operation in securing the passage of the proposed measure.

Be it further resolved, That a committee of five be appointed to present these resolutions to the Committee of Ways and Means of the House of Representatives, and the Committee of Finance of the Senate, and the honorable Secretary of the Treasury of the United States.

Resolved, That the thanks of this Exchange and of the whole mercantile community are due to the Hon. A. S. Hewitt, member of Congress for this city, for the great pains he has taken in preparing and bringing before Congress various valuable amendments to existing laws relating to duties on imports and the collection of the revenue.

I could more easily argue in favor did I know what objections, if any, could be advanced against the change, but it seems impossible from our standpoint to realize that there can be any objections to a change which is vital to the success of our trade, both domestic and foreign, in the opinion of those most familiar with the necessities of commerce from practical experience and therefore, it is not unreasonable to suppose, best able to judge. Up to 1862 the law in regard to withdrawal of merchandise was the same as now proposed; at that time, say July 14, 1862, a law was passed requiring duty to be paid within one year; this was at a time when money was a great necessity to the Government, as all realized, and when it seemed quite legitimate that all means should be exerted to induce payments into the Treasury. In 1866 this was modified to the present law, the necessities of the Government being still great; that necessity no longer exists; hence that can no longer be pleaded as a reason for forcing merchants to increase the large surplus lying idle in the Treasury vaults by locking up capital, which otherwise might be employed in the channels of trade to the benefit of the whole country.

But, Mr. Chairman and gentlemen, that is not the only, nor perhaps most important, objection to the present restrictions. Merchants are induced by this law to confine their importation as much as possible to what they judge to be the probable quantity that they can force into immediate consumption; and as the distributive trade of the country has long pursued an exceptionally conservative course, buying only for their actual necessities, the result is that with very light stocks in first hands any sudden increase in the distributive demand causes violent changes in price and results in fluctuations in values which are very detrimental to trade. It will not be disputed that, for all trade, whether in foreign or domestic products, steadiness in price is an absolute requisite to that confidence without which trade is always in an unsatisfactory state, and that steadiness can only come with the knowledge of the existence of such stocks; that even a temporary scarcity cannot occur except from short crops or short production, which are legitimate causes for higher prices. In bulk, and in amount collected on them for revenue, our most important articles of importation are crop products, of which the whole year's supply is marketed in the countries of production in a few months, and a foreign market has to be found for them. The American merchant should find it for his interest to import them at the time when, naturally, from lack of capital and storage facilities in the country of production, they are cheapest, and store them in this country, thus giving employment to capital and labor here, rather than to allow rival markets to hold them against our certain necessities; and so not only enhance the cost to our consumer but deprive us of the profit of handling them ourselves.

I will instance one article as affording a striking example, viz, sugar, which pays about one-third of the customs revenue. The consumption of this article per annum is considerably larger in this country than in England, and yet while the stock in the United States on 1st of last month was but about 40,000 tons, in England at the same time it was over 280,000, or seven times as much; and by reference to statistics it will be seen that every year we import more or less of our supply from England instead of directly from the country of growth; and of that very important article, manila hemp, the stock was one-quarter of the stock in England. Now, sir, we claim that on this article in particular, the short-bonded period, together with the necessity of paying duty on the weight when landed, when that weight can never be delivered from store for consumption, works a serious hardship, and not particularly to the importer so much as to the whole people as it enhances the cost to the consumer. Again, the discouragement to importers, resulting, as it does, in their carrying only very small stocks of merchandise, drives from our markets the buyers for the smaller markets, which are our natural customers, and the

West Indies and South American buyers go to England where the freedom of keeping importations in bond indefinitely gives them every opportunity to buy all they want, and going there for foreign goods they naturally also supply themselves with English domestic manufactures, so that we lose in both ways.

From the fact that commissions have been appointed by Congress to inquire into the method by which to foster trade with our South American neighbors, it is, of course, deemed advantageous to have it, and Congress desires to know how it can be done. It is the opinion of the merchants and others who have sent us here that one of the very surest ways is to give such facilities and encouragement to importers that they will not hesitate to fill our warehouses with merchandise, in the value of which they have confidence, and so attract foreign buyers who now go to England and who would at the same time buy our home productions and thus vastly increase the general trade of the whole country, to do which is, of course, specially the object of Congress. It must be borne in mind, Mr. Chairman and gentlemen, that what we ask in no way causes any expense to the Government; all expenses and losses arising from bonding goods are borne by the importer or owner, and while we ask you to change the law so that we shall not pay duties on what does not exist, and so does not go into consumption, that does not in any way reduce the legitimate receipts of the Treasury, as sufficient must be imported to make up the full quantity required for consumption, and the duties now paid on what does not exist is just so much additional duty over what the tariff law has enacted as to be paid on foreign merchandise consumed in this country.

Mr. HEWITT. Perhaps you have not brought out as clearly as you might what seems to be the fact, that at the end of one year you can still keep the goods in bond by paying the penalty of 10 per cent.

Mr. HITCH. Yes, sir; that is the fact.

Mr. HEWITT. In other words, you are fined?

Mr. HITCH. Yes, sir.

Mr. HEWITT. And the practice is when the year is about coming to an end you pay the duty, and then you can leave it in bond?

Mr. HITCH. Yes, sir; two years only.

Mr. HEWITT. But as a matter of fact you must lose the interest on the duty?

Mr. HITCH. Yes, sir. We have to pay the duty into the Treasury. Then it may be we can get it back again if we export it. The Government would have been simply the custodian of the money, and it would have been locked in the Treasury. In the remarks I made at the meeting when these resolutions were passed I brought out more particularly the difference in duty we pay on the article of sugar; I have here simply alluded to it. Sugar that has been in store a year, in some cases there is a loss of weight of 10 per cent. when delivered; consequently we pay actually duty on 10 per cent. more sugar than goes into consumption.

Mr. HEWITT. If it was burned up what would be the effect?

Mr. HITCH. Then the Government repays us. We would pay no duty at all.

Mr. HEWITT. In other words, a loss by fire you do not suffer for if insured, but from leakage and evaporation you do pay for?

Mr. HITCH. Yes, sir.

Mr. C. R. BRECKINRIDGE. You speak of sugar losing weight. I believe that is principally due to draining of it, is it not?

Mr. HITCH. No, sir; it is principally due to evaporation. You can go into a warehouse where certain sugars have been stored a year and you will see no evidence of drainage, but the loss of weight exists. There is a good deal of alcoholic weight in sugar, and it evaporates, and the weight disappears, you don't know where. You can take it out of the vessel hot and steaming as it is; you will notice it is full of moisture and steam; and the moment it gets over the side of the vessel instantly it is weighed by the custom-house people, and on that weight we have to pay duty. We take it to the warehouse, and if we deliver it the next day we cannot deliver the weight the Government found when it got over the side of the vessel. It disappears very rapidly, especially in cold weather. The moment frost strikes it it hardens up and the moisture disappears. So where sugar is in bond a very short time that sugar loses in weight.

Q. Is there any considerable amount of sugar that you import to New York that does drain materially?—A. There are some English sugars that drain very materially, and some grades of Cuba sugar. There is always more or less drainage of sugar.

Q. Who gets that drainage?—A. It disappears. It runs on the floor of the warehouse and is swept away.

Q. In New Orleans they have plantation sugars that drain very much, but they preserve it, and I thought perhaps some custom of that sort prevailed with raw sugar.—A. It is the case in Cuba and countries of shipment, but there is no return to the importers.

Mr. HEWITT. Has the effect of this limitation on the storage of sugar in New York been to build up warehouses for storing sugar elsewhere?

Mr. HITCH. Undoubtedly. Now, if we buy a quantity of sugar in Cuba and bring half of it to New York and leave the other half in Cuba, the part we bring to New York has to pay duty the moment it arrives, and six months later when we bring the other half it pays duty less the drainage that has taken place during that time, and the profits from that go into Cuban hands. And in England they can buy sugar and store it there, and when our necessities require it they bring it over.

Mr. KELLEY. I will ask you if this drainage occurs in sugars above "muscovado?"

Mr. HITCH. Yes, sir; the very best sugars brought here and put in warehouses lose in weight 2 or 3 per cent., sometimes more. There are some sugars brought here of a class I largely import myself from Brazil which lose after importation, sometimes 15 or 20 per cent.

STATEMENT OF MR. OSGOOD WELCH.

Mr. OSGOOD WELCH, of New York, was introduced, and said:

Mr. CHAIRMAN AND GENTLEMEN: Mr. Hitch has so fully covered the ground that it is difficult to think of anything now to add, but I have prepared a few notes I will hastily call attention to.

We see from time to time in the newspapers that efforts are made by commissions and otherwise, to extend the commerce of the United States. What can a commission accomplish that may not be far better done by the individual merchant?

The intelligent merchant studies the natural laws of trade, and is only successful when he gets into nature's swim and follows her course. He has enough to do to avoid the rocks and shoals only too often found in his way, without being obliged to face and overcome legislative barriers.

Were the merchant alone involved in commerce and its results, he might with propriety be dismissed with the words "go find more profitable employment for your time, money, and energies." But such is not the case. His welfare is only found in the nation's welfare. He is nothing more than the director of the means whereby the nation is enriched through commerce. If he makes a mistake he alone is the sufferer, and his success is only a small part of that which the nation enjoys. Commerce is a national question, and not one concerning a few individuals.

Every dollar earned or saved by the nation in commerce is so much pure gain; hence the importance of making commerce as easy as possible. The term "commerce" embraces every act performed in moving merchandise into or out of a country, as well as those incident to internal interchange of commodities.

Commerce being absolutely essential to the welfare and happiness of mankind should not find its wheels clogged by legislative enactments. Why should a merchant be told by statute law, in the very teeth of nature's law, that he must, for instance, pay the duty on an imported article at a time when there is no market for it? The Government in the average of years can not collect duty on a greater quantity of merchandise than the nation can consume. Is it any loss or disadvantage to the Government if merchandise is stored in our own bonded warehouses rather than in foreign countries? The assurance of a constant supply ready for any emergency has the tendency to keep markets steady and to prevent violent fluctuations in values. Again, why should duty be collected on a greater quantity of merchandise than that which goes into consumption? Such a course is only an additional and vexatious tax upon commerce and tends to hinder trade. I can not think of any sound argument that can be advanced in its support.

There are certain disbursements of money incident to handling and storing merchandise. Why should the Government do all in its power to limit these disbursements here at home and to force their being made in foreign lands? That is just what the Government is now doing. It says in effect to the laboring man: we, your legislators in Congress assembled, have done all in our power to reduce to the minimum your opportunities to earn a day's wages in handling imported merchandise.

Mr. Hewitt's bill, among many other good measures, is aimed at the correction of these two serious evils. It might even go further in extending the time to bonded warehouses to five or ten years, and the Government would not suffer thereby.

Mr. W. C. P. BRECKINRIDGE. What objection would there be to making the period of storing unlimited?

Mr. WELCH. I cannot imagine any objection.

Mr. HEWITT. That is the English law, is it not? (See note.)

Mr. WELCH. I believe so. We import merchandise with the view of making money, and we don't intentionally bring anything here that is not wanted, and we feel that if left to ourselves we could regulate that. That is to say, if we make a mistake we are the sufferers; we don't ask the Government to help us out.

Mr. HISCOCK. You might come like Mr. Breckinridge's constituents—you might come in and want the duties lowered.

Mr. WELCH. Of course, we would have to determine whether we would do it or not.

Mr. BRECKINRIDGE. My constituents simply wanted, as these gentlemen, the period extended.

Mr. WELCH. Speaking for myself, and most of the merchants, I think, we have very little to say in regard to legislation in our favor. All we ask is to be allowed to conduct our own business, and if we make a mistake we suffer.

Mr. HEWITT. As the law now stands you must pay duty or export?

Mr. WELCH. Yes, sir; at the expiration of one year you must pay duty or pay 10 per cent. additional.

NOTE. The law referred to is as follows:

"Goods warehoused not cleared within five years must be rewarehoused—duties on deficiencies to be paid down.—All warehouse goods shall be cleared either for home use or exportation at the expiration of five years from the date of warehousing, or within such further period as the Treasury shall direct, unless the owner or proprietor be desirous of rewarehousing them, in which case they shall be examined by the proper officers, and the duties due upon any deficiency, together with the necessary expense attendant thereon, be paid, and the quantity so found shall be rewarehoused in the name of the then owner.

"Such goods not cleared or rewarehoused to be sold.—If any warehoused goods shall not be duly cleared, exported, or rewarehoused, and the duties due on deficiencies shall not be paid at the expiration of five years, the same, if worth the duty, after one month's notice, to the warehouse-keeper; shall be sold either for home use or exportation, and the proceeds be applied to the payment of duties, warehouse rent, and charges, and the surplus, if any, be paid to the owner if known; but if he cannot be found the surplus shall be carried to the Crown's account, to abide the claim of such party on his appearing and making it good; and if such goods be not worth the duty, then, after one month's notice, the same may be exported or destroyed, and the duties due upon any deficiency not allowed by law shall be paid by the proprietor of the warehouse.

"Goods in warehouse may be sorted, repacked, &c., and damaged parts destroyed; wine or spirits be bottled for exportation; brandy mixed with wine, and casks of wine or spirits filled up, racked off, or mixed; samples taken, &c.—After notice given by the importers, it shall be lawful to sort, separate, pack, and repack goods, and to make such alterations therein as may be necessary, provided such goods be repacked in the packages in which they were imported; also to draw off wine or spirits into reputed quart or pint bottles for exportation only; to draw off and mix brandy with wine, not exceeding the proportion of 10 gallons of brandy to 100 gallons of wine; also to fill up casks of wine or spirits from any other casks of the same in the same warehouse; to rack off wine from the lees, and mix wines of the same sort, erasing from the cask all import brands, unless the whole of the wines so mixed be of the same brand; also to take such samples as may be allowed with or without entry, and with or without payment of duty, except as they may become payable on a deficiency of original quantity; and the duty on the surplus, if any, of such goods as may be delivered for home use shall be immediately paid and such surplus delivered for home use.

"Foreign import or duty-paid packages only to be used in repacking.—No foreign packages or materials whatsoever shall be used in the repacking of goods, except such as shall have been used in the importation of warehoused goods, unless the full duties thereon shall have been first paid.

"Entry for home consumption and exportation.—No goods shall be delivered from the warehouse except upon entry for exportation, or entry and payment of the duties for home use, except goods to be shipped as stores.

"Warehoused goods for home use to pay duties according to landing account.—Exceptions.—Upon the entry of goods to be cleared from warehouse for home use, the person entering them shall deliver a bill of entry and duplicates thereof, and shall pay the duties thereon, not being less in amount than the quantity taken by the officer on the first entry, except as to tobacco, wine, spirits, figs, currants, raisins, and sugar, which, when cleared from the warehouse for home use, shall be charged upon the quantity ascertained at the time of delivery, unless there is ground to suppose that any portion of the deficiency has been caused by illegal means, in which case the officer of customs shall make such allowance only for loss as he may consider fairly to have arisen from natural causes."

STATEMENT OF MR. SAMUEL P. BLAGDEN.

SAMUEL P. BLAGDEN was introduced, and said:

Mr. Chairman and Gentlemen: My situation in connection with this question is quite different from that of the other gentlemen of the committee. Being the manager of an insurance company simply, neither personally nor my business has any immediate interest in the question before you. I am really in the position you are yourselves as far

as this question is concerned, in feeling an interest in having that done for the benefit of all. In that way my interest is directly and vitally connected with every branch of trade, and whatever is good for all of them is good for me.

Mr. KELLEY. Then we may regard you as everybody's friend?

Mr. BLAGDEN. Yes, sir. Unfortunately, however, I am compelled to have a little more intimate knowledge than I always care to have as to the condition and prospects and necessities of each branch of trade in the way of losses. So that after all I have a contingent interest. In looking at this it has occurred to me always that each of these sections before us seems to inflict an unnecessary loss and an inevitable loss upon the merchant, at any rate in sugar or any merchandise kept in bonded store for over a year; it costs him the loss of interest, the large charges for storage, and the very trifling consideration of insurance, and in addition to that, as it stands to-day, the loss by diminution of merchandise by natural causes which he cannot guard against, and also the 10 per cent. additional duty. Now, it seems to me this is an entirely unnecessary loss which you inflict on the merchant. It prevents, of course, the storing of as much merchandise as we want; it diminishes the requirements of our warehouses' area; it diminishes the call for money from our bankers; it diminishes the call for insurance, in which I am interested; it diminishes the call for labor. To change it and remove this obstruction would naturally increase the whole business of the country; it would increase the demand for labor and money, and would result in increased prosperity, it appears to me. In looking at it from a tariff point of view, it has always seemed to me that that should be lifted out of it entirely. By doing this thing the protectionist increases the prosperity of the country, and the free-trader has an opportunity to relieve the merchants of an unnecessary tax.

Mr. HEWITT. The committee may have an impression that this is a local thing for New York; I should like to have your opinion as to how widely this would operate as to other ports?

Mr. BLAGDEN. It operates to a greater or less degree with every port in the country wherever foreign goods are imported. We would feel it at once in insurance, in the increased importations.

Mr. HEWITT. They suffer now in the same way in Baltimore and Philadelphia as in New York?

Mr. BLAGDEN. Yes, sir; and every kind of merchandise in these cities and in Boston.

STATEMENT OF MR. E. D. BARTLETT.

E. D. BARTLETT said:

Mr. Chairman and Gentlemen: I represent the warehousing and laboring interests; and in answer to the question just asked by Mr. Hewitt, "Is this a local matter?" I would say it pertains to Boston, New Haven, New York, Philadelphia, and Baltimore very largely. It is not merely local to New York.

It is only a very few years ago that warehouses were built in Cuba for the storing of sugar. While we talk more particularly of sugar to-day, of course you will bear in mind that there is a vast amount of all sorts of bonded merchandise that is affected by this question. We speak of sugar because we have statistics at hand we can quote from.

In 1880 the stock of sugar imported and stored in the warehouses of three of our larger ports was over 1,000,000 hogsheads. In 1885, the year just closed, there was stored in these ports a little over 300,000 hogsheads. The difference between the number in the two years was stored in Cuba. The sugar was produced and shipped afterward, but not stored in our warehouses. We suffered by that loss.

The warehousemen suffered by the loss, and the laboring class suffered; and while I am largely engaged in the warehouse business in the port of New York, having one-third of as much as is there, I must say a word for the laboring classes, for that is the great and growing question of the day. You take the laboring class and you find in this port alone 50,000 men engaged in the handling of merchandise of this description—50,000 men actually engaged in it, stevedores, longshoremen, and so on, representing over 250,000 souls; they earn their livelihood from this one thing of handling merchandise; and for that numerous population we want to say just a few words. If we stored in our ports 300,000 hogsheads in the last year and only four years ago stored there over 1,000,000 hogsheads, the direct loss to us by the computation we have made in a careful way, to the laboring classes and warehousemen—I do not refer to the banks, importers, or insurance men, but I simply refer to those people around me—that large body of men and the trades that lived from their exertions have lost in these three ports over \$1,500,000 a year in their earnings and expenditures.

Mr. HISCOCK. Don't it all have to be handled?

Mr. BARTLETT. No, sir; for this reason: In the old times, as far back as 1880, the sugar crop was stored in our warehouses here. The ship came to our dock, it landed the cargo, it was instantly weighed the moment it was landed, and then went into the warehouse; the stevedores received it, the steam-engines hoisted it, and the warehouses stored it. Now, with the warehouses in Cuba, with the telegraph to Cuba and other foreign points, with the steamers—for, you know, the day of sailing vessels is past—the moment a merchant in New York wants a body of merchandise from there he wires to Cuba, and in four days a steamer is at his wharf with it, and the next morning it is on its way to Chicago. So all these stevedores, cappers, and weighers, men that light it, have all lost earnings which belonged to them.

Mr. HISCOCK. Would they get it if the change was made as suggested?

Mr. BARTLETT. Yes, sir.

Mr. HISCOCK. Does that add very much to the cost?

Mr. BARTLETT. Not at all, because the cost of carrying sugar in the warehouses here is now paid by the merchants. All we ask is that the labor bills paid in foreign countries should be paid to men here in our own ports.

Mr. BRECKINRIDGE. This change is due to the construction of the warehouses in Cuba?

Mr. BARTLETT. Yes, sir. A few years ago they had no warehouses there; the state of the government, the finances of the country, were in such a condition they could not get loans. So that the transfer of that business from our ports to these foreign ports has taken away from us this large amount of earnings to which we think we are entitled. It is not protection we want; it is simply that you should see the thing as we see it, and feel it as we laboring men do. By computation, the cost of handling goods, of labor, insurance, shrinkage, and these losses that go to make it up, the loss we sustain and the loss the laboring interests sustain, is \$5 a hogshead.

The CHAIRMAN. The loss from natural causes is no greater in this country than in Cuba?

Mr. BARTLETT. No, sir.

The CHAIRMAN. The shrinkage or leakage, or whatever it may be?

Mr. BARTLETT. No, sir.

The CHAIRMAN. Well, as to this loss to labor, the reason this storing is done in Cuba is because it can be done cheaper?

Mr. BARTLETT. No, sir; the storage charges there are higher than here. I think in Cuba it is \$2 and here it is \$1.95.

The CHAIRMAN. And I suppose labor there is higher than here?

Mr. BARTLETT. I think a hogshead of sugar, 25 per cent. of it stored in the United States, thirteen months, the duty would be \$1.30 a hogshead, and the 10 per cent. extra added would be about \$2.

The CHAIRMAN. Then the saving on shrinkage would be greater than the difference in the labor?

Mr. BARTLETT. The duty and shrinkage and the 10 per cent. extra duty is about equal to the storage, insurance, and interest on the money of carrying a hogshead of sugar a year.

Mr. BRECKINRIDGE, of Kentucky. What is the difference in the price of labor in embarking and handling there and labor in America?

Mr. BARTLETT. They charge about the same price; I don't know the cost of labor.

Mr. BRECKINRIDGE. Your idea is that if the period was extended they might bring the goods here and store it here?

Mr. BARTLETT. Yes, sir.

Mr. HISCOCK. It is true, is it not, that so far as storage in the United States and Cuba is concerned, they practically compete with each other, and taking all things into account, merchants can store more cheaply in Cuba than here, and if they could store here cheaper they would bring it here; it is actual competition?

Mr. BARTLETT. Yes, sir; it is actual competition between the two points.

The CHAIRMAN. I am very glad to find out that something can be done here cheaper than in any other country, notwithstanding the difference in the price of labor.

Mr. BARTLETT. There are many.

Mr. MILLS. What gave rise to erecting warehouses in Cuba?

Mr. BARTLETT. First our merchants realizing these losses, and secondly the large development of steamship interests, quick communication between that country and this.

Mr. MILLS. Was not the building of these houses designed to prevent the importers from paying duty on these evaporations?

Mr. BARTLETT. I suppose that was one of the important factors.

Mr. MILLS. This is not the first time the sugar people have come seeking to be relieved of taxation on drippings?

Mr. BARTLETT. No, sir. I think they came two years ago.

Mr. MILLS. What do you do with these drippings?

Mr. BARTLETT. In our own warehouses the dripping is very light and that all passes into water.

Mr. MILLS. Don't you utilize it?

Mr. BARTLETT. No, sir; it is washed right down through the pipes; there is no saving of it. It is only in the lower grades of sugar that it does occur.

Mr. HISCOCK. Now, this is true, is it not? Take a New York merchant engaged in purchasing sugar, you may give him all the privileges you can, and, notwithstanding rent, insurance, labor, taking into account the dripping and all that, especially labor and insurance, it is cheaper in Cuba than here, with the facilities he has for ordering sugar here?

Mr. BARTLETT. He will always keep it where he can keep it the cheapest; but there is one factor—and it is a growing factor in great cities—the banks look on warehouse receipts as a safe security; and with the large amount of money now locked up in New York, the amount of money loaned on warehouse receipts is very large, and they are prohibited from loaning money on foreign warehouse receipts. This change would be a great advantage not only to those whom I represent but to the bankers. You may ask what are to be the advantages to the Government? The advantages to be gained by the Government are as much more than this shrinkage as we can possibly imagine. Now, for example, during our busy season in sugar, day after day there are large arrivals; it is discharged very rapidly, and the Government, hiring its men by the hour, have to rush a large force of men to weigh that merchandise very hastily and very carelessly, for, with the class of men they have, with the turning of the beam and scale quickly, they must make very many mistakes. The mistakes may count for or against the merchant, but they do occur. If this sugar was landed and passed at once to the warehouse and there stored, the sugar is delivered as the consumer calls for it; then the Government officer has time to weigh the goods carefully and the owners' weighers have an opportunity to act as a check; when the Government is being cheated its weigher acts as a check, and *vice versa*. Then, of course, in the rapid discharge of merchandise in the busy months it is impossible, for the owners cannot get that dispatch they require, they cannot congregate large bodies of men when they want them, paying them by the hour; but by putting the merchandise in the warehouses and knowing what the demands of the following day will be, then it can be systematized. The Government weighing is not done by contract, it is all done by the day's work. In that way there would be a large saving of labor. People having to employ large bodies of laboring men know how many leaks there are.

Mr. MILLS. I will ask you if by the evaporation of this sugar it does not grow to a higher grade?

Mr. BARTLETT. No, sir; it does not. It is still the same grade.

Mr. HITCH. The chemical change that takes place fully offsets any gain that could be had by evaporation.

Mr. SEARLES. You can take any centrifugal sugars after four or six months' storage and they will come out at a lower polarization by reason of chemical changes, by reason of inversion. The presence in crystallizable sugar of a certain per cent. of invert sugar that remains in it for a certain time tends to the inversion of the crystallizable sugar. So we actually lose on the very best grade of sugar. We calculate the loss at 1 per cent. and frequently 2. That is not so true of lower grades. In muscovado there is no loss of polarization.

Q. Is there any gain?—A. There is not much; there may be a single degree, but you cannot count on any gain of polarization. It would not make a change of one degree, which would make a difference in duty.

Mr. KELLEY. Have our exports of refined grades of sugar increased in the last few years?

Mr. SEARLES. Yes, sir.

Mr. KELLEY. About what per cent. a year, taking any given number of years?

Mr. SEARLES. It is only during the past two or three years that there has been any perceptible increase in the exports. I think about 120,000 tons of sugar were exported in 1885. We export it to Europe mostly. Last year the raw-sugar markets suffered an immense decline. All English refineries were loaded to the eyes with high costing sugars, while with free receipts from Cuba our market fell half a cent lower for raw sugar than the English market. The result was the English dealers came to our market and bought granulated sugar for export. It was sold by the refiners at the same price they sold their domestic sugars. It was taken to Europe by these English buyers, and that business has continued according to the variations of the market to a greater or less extent during the last year or two.

Mr. HEWITT. You could not have done that without the drawback?

Mr. SEARLES. No, sir.

Mr. KELLEY. Has this noteworthy increase taken place within the number of years

which the present representative says has been a period of construction of Cuban warehouses?

Mr. SEARLES. Yes, sir; all in the same period.

Mr. KELLEY. So that in spite of these inordinate charges our export trade is growing larger?

Mr. SEARLES. That is true.

Mr. KELLEY. In the period in which we have the disadvantage of Cuban warehouses?

Mr. SEARLES. All in the same period.

Mr. KELLEY. Is that going on at present—the exporting?

Mr. SEARLES. It is spasmodic according to the market.

Mr. HEWITT. If the drawback system had not prevailed, could you not have exported sugar?

Mr. SEARLES. No, sir.

Mr. KELLEY. And if that did not provide for the throne of Spreckels and Kalakaua might not the conditions of things be modified? I believe a great deal of sugar goes to Europe under our treaty with Hawaii.

Mr. SEARLES. Well, we ship to Europe, but not sugar from Hawaii. We let that in free of duty and that cannot be exported with the drawback. There is no connection between the warehouse and Hawaiian treaty questions and our exports of refined sugars.

Mr. KELLEY. So that you do not know that the firm of Spreckles and Kalakaua got any sugar abroad that way?

Mr. BRECKINRIDGE. What other articles are exported and put in bond that undergo this loss during the bonded period?

Mr. HITCH. Jute, hemp, and sizing-hemp. They lose $2\frac{1}{2}$ per cent. or 3 per cent. in twelve months. We estimate, or rather the importers of the fibers, I have mentioned, with the loss in weight of these fibers that they pay duty on will pay their storage charges and warehouse them for a year. In other words, either our charges are so small or their losses so large.

Mr. BRECKINRIDGE. How does that loss occur?

Mr. HITCH. By shrinkage. The fiber comes in fresh and the moment it is landed it is weighed; the moment it is landed and put on the wharf the weigher weighs it, and then it goes in the warehouse and remains there 13 months, and the importer pays the duty on the weight it was 13 months before.

Mr. BRECKINRIDGE. They pay on the same amount but not on the same weight?

Mr. HITCH. Yes, sir; it is a change in the weight. Of course you can readily see that when their country is the ship-owner rapidity of discharge is everything to them. Rapidity in unloading the merchandise is always a great factor, and it has frequently happened to steamers coming there that there is a scarcity of labor and a ship is detained two or three days, and that costs from \$500 to \$750 a day. There are so many factors affected by the seemingly light burden that it makes us all the more careful.

I desire to say one word on another point; but there is but little interest taken in the question.

Mr. HEWITT. I notice by the report of the Chief of the Bureau of Statistics that the value of goods now in bond averages about \$30,000,000 a month; that the number of articles kept in the different warehouses are about 150, and that the ports of the United States where the goods are warehoused are 72. That is to be found in the No. 3 Quarterly Report, from page 494 to 500.

Mr. HITCH. I desire to say that we are not particularly interested except in lowering the duties. We all feel the rate should be cheaper. But there is one point I wish to draw attention to, and that is the exception made by the bill where it excepts all countries where there is custom duty. I believe that exception is made under a misapprehension. I have heard it stated that the cause of that was that when the duty on coffee was taken off Brazil put on a duty. That is a mistake. I have heard it stated by merchants who ought to have known better, and in order to have the matter in an official form to lay before the committee, I got the Brazilian consul-general to write me a letter on the subject, of which I will read the portion relating to that: "The rate of the export tax levied by the General Government was 11 per cent. in 1871." Then it was that we had a duty of 5 cents a pound.

The CHAIRMAN. We do not care what they did about coffee; we want to know about sugar.

Mr. HITCH. Now, I wish to say that in all cane-growing countries 92 per cent. of the sugar we import is from countries that have an export tax larger or smaller. Of the other 8 per cent. 6 per cent. is from Germany, and the other 2 per cent. comes from Demerara, where there is no export duty. The export tax in these countries is different, but, as you are aware, the machinery for revenue collections is extremely crude. The only means of revenue that the Government has is to tax the products of a man's farm or plantation. It is impossible to get money out of the planter, because he has no

money. Consequently they must follow his product, and they follow it to the port and say to the merchant, "When you ship it you must pay the Government so much," and so they pay so much less to the planter. It would be impossible for most of these countries to make a change, and they put the tax on. The point is that taking off this duty of 20 per cent, excepting these countries, would not be taking that duty off at all.

Mr. McKINLEY. State what the countries are.

Mr. HITCH. Cuba, Java, Brazil, Porto Rico, the Philippines, Peru, Egypt, Martinique, and Guadaloupe. The only countries where we get sugar on which there is no duty are Demerara and Barbadoes.

Mr. KELLEY. Is there an export tax to the Philippine Islands?

Mr. HITCH. Yes, sir. I have a tabulated statement here that will show all about that.

MARCH 3, 1886.

STATEMENT OF MR. GEORGE HEY.

GEORGE HEY, of New York, was introduced.

The CHAIRMAN. State your business, if you please.

Mr. HEY. I am a manufacturer of woven labels and the component parts of these labels are imported at a duty of 50 per cent. while the labels themselves come in at a duty of 35 per cent.

Mr. McKINLEY. What are the component parts?

Mr. HEY. No. 250 cotton costing me about \$5.10 a pound.

The CHAIRMAN. Do you mean cotton yarn?

Mr. HEY. Yes, sir; the wrapping consists of No. 250 cotton and the filling of No. 200 and there is the same duty on the No. 200 as on the No. 250.

The CHAIRMAN. That is, yarn worth more than a dollar a pound is dutiable at 50 per cent. ad valorem?

Mr. HEY. Yes, sir. Now I would like to have these labels classified, as they are not now classified.

Mr. McKINLEY. How do they come in?

Mr. HEY. They come in under cotton labels.

Mr. McKINLEY. Not otherwise provided for?

Mr. HEY. No, sir. If you will be kind enough to look at the sample I have here you will be better able to understand it. I had some correspondence with the Secretary of the Treasury on this subject and I have here a letter from Secretary Manning, dated November 11, in which he says:

"Referring to your letter of the 5th ultimo, concerning the classification for duty of imported labels composed partly of silk and partly of cotton, of which you inclose samples, you are informed that the Department is in receipt of a communication from the collector of customs at New York to whom the matter was submitted, from which it appears that such articles are manufactured of silk and cotton, cotton chief value, and that they are dutiable under the existing tariff act at the rate of 35 per cent. ad valorem."

The CHAIRMAN. If you had them classified, how would it help you?

Mr. HEY. It would help me if they were classified and the duties on them were at the same rate as on the cotton. For instance, if I should get a duty of 60 per cent. that covers the whole thing.

The CHAIRMAN. You mean by classifying you want them placed somewhere where they will get a higher rate of duty?

Mr. HEY. A higher rate; something equal to the duty on cotton.

The CHAIRMAN. You mean on yarn.

Mr. HEY. I mean on cotton yarn.

Mr. McKINLEY. And the cotton yarn is dutiable at 50 per cent.?

Mr. HEY. Yes, sir.

Mr. McKINLEY. And you make these labels largely out of the cotton yarn.

Mr. HEY. Altogether out of the cotton yarn.

Mr. McKINLEY. Do you import the cotton yarn?

Mr. HEY. Yes, sir.

Mr. McKINLEY. And the duty on these labels, the finished product, is 35 per cent.?

Mr. HEY. Yes, sir; on the label as it is imported.

Mr. McKINLEY. So that it pays 15 per cent. less than the material out of which it is made?

Mr. HEY. Yes, sir; I am working under a great disadvantage all the time.

Mr. McKINLEY. And you would like the duty on the labels made above the duty on the material out of which they are made?

Mr. HEY. Yes, sir.

The CHAIRMAN. It would answer the same purpose if the yarn was cut down 25 per cent, would it not? Suppose you leave the duty at 35 per cent. on the labels, and reduce the duty on the cotton yarn from 50 per cent. to 25 per cent., that would make it a lower rate?

Mr. HEY. Yes, sir; that would make it a lower rate.

The CHAIRMAN. Would that answer your purpose?

Mr. HEY. That would answer my purpose. Yes, sir; it would be 10 per cent. in my favor.

The CHAIRMAN. Is not that what you ask the committee to do?

Mr. HEY. I want the committee to raise me above what the labels are imported for.

The CHAIRMAN. You either want the committee to lower the duty on cotton yarn or raise it on the labels?

Mr. KELLEY. No; he is not striking at other industries.

Mr. McKINLEY. I want to know whether you want the committee to cut down the duty on cotton yarn or raise it on these labels.

Mr. HEY. I want to be equalized; I want them to be classified so I can compete with the imported goods. If 10 per cent. is in my favor, then there is some recompense to me; but as it is now I work at a disadvantage, because there is 15 per cent. against me all the time.

Mr. McKINLEY. What is the proposition of Mr. Morrison's bill now under consideration on cotton yarns, do you remember?

Mr. HEY. It is very indistinct.

Mr. MORRISON. Where is it indistinct?

Mr. HEY. Well, from the way I read it.

Mr. MORRISON. Where did you read it?

Mr. HEY. I got it from the Journal of Commerce.

Mr. MORRISON. Oh! you got it from the newspapers?

Mr. HEY. Yes, sir; I find that here it says 70 per cent., and Mr. Morrison has it 40 per cent.

Mr. MORRISON. You mean that the bill itself says 40 per cent.?

Mr. HEY. Yes, sir.

Mr. BRECKINRIDGE. How do you succeed in manufacturing these things under these conditions?

Mr. HEY. My only salvation is in small orders; I can get only small orders from manufacturers when they are in a hurry and all the large orders are imported.

Mr. BRECKINRIDGE. That is because you cannot compete with the prices that the large orders are filled at?

Mr. HEY. Yes, sir; only those goods which are necessary to be had in a hurry, but in the large orders where they can be filled in two or three months they are imported.

Mr. McKINLEY. The bill under consideration makes the duty on cotton yarns 5 per cent. more than on the finished article.

Mr. MORRISON. It leaves it 5 per cent. on the raw material, and it leaves him 20 per cent. better off than before.

Mr. KELLEY. What is the highest number of cotton yarn we produce here?

Mr. HEY. We produce No. 100; there is nothing over No. 100 of domestic yarns. As a general thing anything above No. 100 is imported, especially the gassed yarns.

Mr. MORRISON. What you ask is entirely reasonable, that the yarn ought not to pay more duty than the cloth, but there will be some disagreement in the committee as to how it shall be equalized.

Mr. BRECKINRIDGE. Which of these numbers do you use?

Mr. HEY. Two hundred and fifty, valued at over \$1 a pound.

The CHAIRMAN. The finest yarn made in this country about what is it worth?

Mr. HEY. The finest is worth about 90 cents, I think, not gassed. I have paid as much as \$1.10; it is just according to the market, but I have paid that much ten or eleven years ago. I think that it is now about 90 cents. There is very little spun of 100. They generally spin here from 10 up to 80.

Mr. KELLEY. You say not gassed, what do you mean?

Mr. HEY. After the thread is spun it goes through gas to burn off the fibers and to make it smooth, but they do not do that in this country.

POTTERY.

STATEMENT OF HON. JAMES BUCHANAN.

WEDNESDAY, *March 3*, 1886.

Hon. JAMES BUCHANAN was introduced, and said:

Mr. Chairman and Gentlemen: I am here this morning for the purpose of introducing some gentlemen from my city, Trenton, N. J., who desire to make some suggestions with reference to the bill now pending, but before I introduce them I desire to call the attention of the committee to one matter that has worked injuriously to us in one branch of our industry there, which arises under the revision act of 1883. I looked carefully over the bill when it was introduced to see whether provision was made for remedying this difficulty, but it does not seem to be covered. In 1860 the duty on wire rod was \$20 per ton, in 1867 the duty was increased to 1½ cents per pound. It remained at that rate until the revision act of 1883. The revision in 1883 made two classifications of these rods; the one includes round iron of less than seven-sixteenths of an inch in diameter. The duty on that was put at $1\frac{2}{10}$ cents per pound. Another classification was of rivet, screw, and wire rod of not less than No. 5 gauge, at a duty of $\frac{6}{10}$ cents per pound. In practice the Department has had a great deal of difficulty in knowing under which of these clauses rods should be imported. You will notice that one clause says "not larger than seven-sixteenths of an inch," and the other says, "not smaller than No. 5 wire rod." The bill that is introduced here quotes the words of the revision act of 1883, which referred to the first clause of "not larger than seven-sixteenths of an inch in diameter," and it puts the duty on that class at 1 cent per pound instead of $1\frac{2}{10}$ cents per pound, as the act of 1883 left it. It does not touch the other class at all. Now, it seems as though there ought to be put in this bill an incorporation of these two clauses into one, thus making a uniform duty.

I am not here to speak with reference to the rate of the duty. Of course I should prefer, and I will say it is essential to the continuance of the industry in my city, that the duty should be $1\frac{2}{10}$, but the amendment which will be offered by one of the gentlemen here will be to incorporate in the bill as it now stands the words which include the second class—that class now dutiable at $\frac{6}{10}$ cents, and as to which there is no more reason that the duty should be $\frac{6}{10}$ of a cent than for those articles included in the clause which you have already in the bill at 1 cent. The effect of this reduction in 1883 upon this class was to close entirely the wire-rod department in one of the largest mills in the country, situated in my city, that department alone employing some 300 men. I come here with no exaggerated statements. I tell you that which I have myself seen, that which I myself know. This department was closed and these men were thrown out of employment, and this rod to-day is being imported, whereas before that reduction it was made in Trenton, and the product of that rod, I do not hesitate to say, has not been lessened in price to the consumer one cent because of this change of the act of 1883. I am aware that there are gentlemen on this committee who voted for the act of 1883. I am also aware of the fact that that clause was not put in the act by this committee. It has acted very disastrously upon us.

First of all, I would beg the committee to hear Mr. Thomas Corbett, who is president of the Confederated Union in New Jersey.

Mr. KELLEY. I have a good deal of responsibility for the final passage of that bill in 1883; and I can only say with reference to it as I can with every other tariff bill that covered a considerable number of objects that purported to be at all a revision, that I voted for it in the face of certain defects which I would gladly have remedied if I could, but I voted for it as a whole, the only way I could vote for it.

Mr. BRECKINRIDGE. You say this industry was closed and there was no decline in the price of the product. Why, then, was the industry closed?

Mr. BUCHANAN. I mean to the consumer. The manufacturer obtained his wire rod abroad, after this reduction was made, cheaper than he had theretofore received it, and

cheaper than he could get it here. This mill employed from 1,200 to 1,500 men. That department was closed and remains closed yet.

Mr. HISCOCK. And the manufacturer, instead of making the goods, buys them abroad and sells them here?

Mr. BUCHANAN. Yes, sir; this wire rod is brought here and it is then reduced to a size proper for making wood screws, or it is made into telegraph, telephone wire, &c.

We ask that in this bill the two classes which now do not seem to be divided by any appreciable line, the one being "not smaller than" and the other "not larger than," be so divided and that a uniform rate be made so that there will be less evasion. And in passing I will say that as far as wire fencing is concerned there is not any kind of it, except one, but what is covered by patents, and I think those patents afford ample protection.

Mr. BRECKINRIDGE. I understand you to say that the manufacturer, under the change of tariff, could import his wire cheaper than he could make it?

Mr. BUCHANAN. Yes, sir.

Mr. BRECKINRIDGE. And he got the same price from the consumer?

Mr. BUCHANAN. I said this: that in my judgment the reduction of that portion of his material had not inured to the benefit of the consumer. There has been a decline all along the line in the price of manufactured articles, but the decline in wire has been no greater than the decline on other goods on which the rate remained the same as it was.

Mr. BRECKINRIDGE. The consumer paid the same before, and therefore the manufacturer received as much in his sale to the consumer as, according to your statement, he would have received if the change was not made, and therefore his purchase abroad was purely voluntary?

Mr. BUCHANAN. It was a necessity, I suppose, after the reduction.

Mr. KELLEY. I understand Judge Buchanan to say that he received as much for his product. He says the price of the article suffered the decline which went all along the line of American productions, and that there had been no greater decline in degree in the price of these goods than in the price of goods on which there was no reduction. Take the article of pottery; the duty was increased and pottery is selling to-day lower than at any time in this country.

Mr. BRECKINRIDGE. The wire on which this change was made is now as expensive to the consumer, relatively, as it was before?

Mr. BUCHANAN. I so understand.

Mr. BRECKINRIDGE. But it is now produced cheaper to the manufacturer by being purchased abroad than he can make it in his own manufactory here?

Mr. BUCHANAN. Yes, sir; the rod.

Mr. BRECKINRIDGE. Therefore is it not true that the manufacturer, relatively, got a larger profit off that wire which he purchased more cheaply abroad than he used to do when he made it?

Mr. BUCHANAN. But I am not here pleading for any manufacturer; I am pleading for the men that have been thrown out of employment.

Mr. BRECKINRIDGE. I am not asking your attitude, but simply for your opinion as to whether it affects anybody else. Is it not true that the manufacturer who now uses the rod obtained by purchase more cheaply than he could make them does make a larger profit than he used to?

Mr. BUCHANAN. I can only show Mr. Breckinridge what the facts are. They are as I have stated them, and any member of the committee must draw his own inferences. I know nothing about the income of this particular manufactory, but I do know that these men are out of employment. I do not appear here for the interests of the manufacturers; they are able to take care of themselves. But I do represent these three hundred men that have been forced out of employment.

Mr. BRECKINRIDGE. What is the remedy that you propose?

Mr. BUCHANAN. We recognize the logic of events. I see we cannot get all we want now; so we would be satisfied in this particular instance to have the second clause incorporated with the first clause as it is put by Mr. Morrison in this bill now under consideration; that is, to have the duty on the second clause raised to 1 cent. We prefer $1\frac{2}{10}$ cents; but if you put the two together we will have to be contented now.

STATEMENT OF MR. THOMAS CORBETT.

THOMAS CORBETT was introduced and said:

Mr. Chairman and gentlemen of the Committee: I appear before you—not as a manufacturer, not at the instigation of any manufacturer, not at the instigation of any politician or set of politicians—I appear before you as a workingman, at the instigation, or rather the order, of the assembly of the Knights of Labor that I belong to in Trenton,

N. J., which is indorsed by the State Federation of Trade and Labor Unions of the State, which is not only composed of Knights of Labor, but they are an organized body of workingmen; that is, a *bona fide* trade organization. I appear on behalf of the trade that I represent and now work at—the pottery industry of America. Our trade is yet quite young, but it is becoming a national trade; it is no longer foreign to us. The workmen in it are native born; they are skilled. I appear against the proposed reduction on decorated china of 10 per cent. from 50 per cent.; on china, porcelain, &c., and all other grades mentioned in that clause from 60 per cent. to 55 per cent. We know what a reduction of tariff means to workingmen. A reduction of tariff means to me a reduction of wages, and reduction of wages means to my family the taking away of their comforts; it means to my children taking from them the means of their education.

Perhaps it may be that you think it curious that workingmen come here and plead for what some claim is the interest of the manufacturer. We ask if you remember that not a great while ago you stopped the importation of foreign labor under contract. We then pleaded for ourselves. We did not wish to work against the product of that labor imported under contract any more than we do that the labor itself shall be imported under contract. There are two or three reasons why this tariff reduction should not take place on crockery. The first is that the present rate is not productive enough because the valuation is made on the other side and shipped here in their own name—these are facts which we gathered last winter—and they are undervalued, and the present reduction on the tariff would not protect us in our industry.

Now, I am not a speech-maker; I did not come here as one. I came here to state my case plainly to you and to answer any questions you see fit to put to me after I have stated that case. And before I conclude, allow me to read from “The Staffordshire Knot” of February 9, 1886, from a speech in answer to the United States consul’s toast, by one of the English manufacturers, and beg to direct your attention to what he says in relation to us:

“Mr. Maddock, in responding to the toast, said that as Englishmen they had always been proud of their country and of the occupations in which they had been engaged, but in this district particularly they had had reason in the past to be proud of the energy set forth by the manufacturers, and the perseverance, industry, and ability they had shown, which had enabled them to maintain the very high position they held in the manufacturing world. [Cheers.] The Philadelphia exhibition of 1876 brought about a considerable change in the tastes of the American market. Many producers of white granite ware—manufacturers who had made that class of goods for more than thirty years—were afterwards compelled to turn their attention to a different kind of article, but it was gratifying to know that in the new order of things also the Staffordshire potteries had held their own [applause], and that since that time this district had almost flooded the American market with printed and decorated goods.”

That is not our argument. That is the argument of the English manufacturer made at a public dinner. If such arguments as that are used it is bad that there should be newspapers, but it is good for our side. They claim, or some of them claim, that our pottery industry is properly protected now. The industry, as I said before, is young. We are competing against older heads in the business; we are working to some extent under a disadvantage. The skilled men in the trade came from across the water. We had to learn on the American side.

They carried with them a secret advantage which took us years to get in the manufacture of this article. They also made it a point that wherever they could they would not teach an American apprentice to be a skilled workman. They wanted to keep the trade practically under their own fingers; but to-day we are asking no odds of them on this side of the water. But we do ask that we be protected against low wages on the other side. The wages have been cut down in England, and it has forced our manufacturers here to cut down their prices of selling goods about one-half. We know if they have to cut down again where the cut has got to come from. In the city of Trenton I think there are twenty-one potteries. In the report presented before you there were eighteen enumerated, and there was one they did not have in the last census, and there has two started since. They are solely manufacturers of sanitary ware, and are protected by patents. Of these eighteen that were reported to you last session three of them have failed and gone out of business altogether. There are two more which are on the verge of bankruptcy at the present time which we well know. Now I am ready to answer any questions that you may see fit to put to me.

Mr. MCKINLEY. If you can state, I wish you would, what is the difference between the price paid labor in Trenton, N. J., and the price paid labor in England for the same class of work.

Mr. CORBETT. For the same class of work, averaging the 13 branches of the industry all the way through, in the city of Trenton, they average \$3 a day, or could make \$3 a day.

In Staffordshire, England, they make \$1.50. There may be a fraction either way, but that is about the difference in wages—about 100 per cent.

Mr. BUCHANAN. I think you ought to state in that connection that it includes artistic work.

Mr. BRECKINRIDGE. What are the wages of the different classes of workmen engaged in making these different kinds of goods; what are the lowest wages that are given to the men who make the cheapest of these wares?

Mr. CORBETT. About \$12.50 a week.

Mr. BRECKINRIDGE. What is the highest pay?

Mr. CORBETT. The highest pay is from \$24 to \$30.

Mr. BRECKINRIDGE. What is the difference in the cost of living in Trenton, N. J., and England?

Mr. CORBETT. The difference in cost of living in Trenton and Staffordshire, England—I could get a house in Staffordshire for a year at a rent at which I could not get one in Trenton for a month.

Mr. KELLEY. Are the houses about equal to each other in extent and comforts?

Mr. CORBETT. Taking the condition of the people all the way through, yes, sir.

Mr. BRECKINRIDGE. So that the laborer in England can live for about one-twelfth of what he can here?

Mr. CORBETT. Yes, sir; in general things all the way through, with the exception of meat and shoes, it is the same pro rata.

Mr. BRECKINRIDGE. Of about 1 to 12?

Mr. CORBETT. Yes, sir.

Mr. BRECKINRIDGE. So that the wages of the Trenton men to be equal to the Staffordshire men ought to be somewhere from \$16 to \$18 a day?

Mr. CORBETT. Well, I would not claim that it ought to be \$16 or \$18 a day for this reason, that depending on wages in a pottery you are not always receiving your own earnings here any more than in England; the earnings of the whole family are taken into consideration. There is a great deal of child labor in pottery.

Mr. BRECKINRIDGE. What is the proportion of this child labor?

Mr. CORBETT. A place with one hundred and fifty adults would employ from twenty-five to thirty children; that is, taking the girls from seventeen years to legal school age there, which is fourteen.

Mr. BRECKINRIDGE. From fourteen to seventeen?

Mr. CORBETT. Yes, sir.

Mr. BRECKINRIDGE. What is about the average price paid for this child labor?

Mr. CORBETT. From 25 cents up to \$1, according to their ability and skill.

Mr. MULHAVEN. Allow me to correct you; it runs up to \$1.50 a day.

Mr. CORBETT. Well, you are more acquainted with that, because you employ child labor more.

Mr. MCKINLEY. You never lived on the other side of the ocean?

Mr. CORBETT. I never did.

Mr. MCKINLEY. You do not know, then, of your own knowledge about the cost of living, rent, &c.

Mr. CORBETT. Only from hearsay—from those that have come from over there here.

Mr. MCKINLEY. And you do not know of your own knowledge the difference, if there be any, as to the character of living over there?

Mr. CORBETT. Only from hearsay.

Mr. MCKINLEY. There are gentlemen here that are more familiar, I suppose, with that than you.

Mr. CORBETT. I do not believe there are any on this committee.

Mr. MCKINLEY. Mr. Jarrett perhaps is.

Mr. KELLEY. I was about to ask the question, and Mr. McKinley anticipated me, whether the gentleman (Mr. Corbett) had been in Staffordshire since 1883.

Mr. CORBETT. No, sir, I have not been there.

Mr. KELLEY. Well, I devoted a number of days to the examination of the potteries in that district and I could not find anything such as you have stated about the houses being equal to the Trenton ones.

Mr. CORBETT. I stated taking the condition of living.

Mr. KELLEY. Yes; but I mean in wages or anything else. I understood you to say that the condition of the Trenton workingman was about that of the Staffordshire man. Now, I was there in England, and in order to make the examination thorough I had with me a very sympathizing and accomplished lady, my daughter now residing in Germany, and she made inquiries among the women and girls, as she was not able to find anything such as the witness has depicted. We spent a number of days there together, and I cannot recognize one feature of the picture he gives us in the contrast between Trenton and Staffordshire. I found an amount of wretchedness that outside of

Lye and Raw Waste and other regions of England, in which women and girls make nails and chains, I never expected to see in a civilized country.

Mr. CORBETT. If the gentleman will allow me I would like to explain. The question was asked me the difference in the rent, and I said, taking the conditions of society into consideration, that our condition is far superior to those in Staffordshire. That is what I meant.

Mr. KELLEY. The impression you made was that Staffordshire was an elysium in comparison; \$18 to \$1.

Mr. CORBETT. It may be in the price of living, but it is not in the price of wages. That is all I make this statement for now, because I would have had to make it some time and I would rather make it in the face of the gentleman than after he had gone.

Mr. JARRETT. I know not only what the houses are in the section Judge Kelly has referred to, but among the more respectable trades. I followed a more respectable trade myself and received what they considered very high wages there; and the house in which I lived there had a stone floor, and our kitchen was parlor, sitting-room, and dining-room—the whole business was right there; then we had a little pantry; then up a winding stairway we had two rooms; we did not know what a carpet was; and we paid for that house sixteen shillings per month—that is about \$4, and a house of that size in a town similar to the town I lived in can be rented in the United States for \$8.50—that is a house of the same size, but I will say with more conveniences around it than these houses in the old country. Now, as to the cost of living, it is well you should understand the difference. A pair of shoes had at \$3 here cannot be bought in England at any such price. You can buy shoes there for ten or fifteen shillings or as high as twenty-five shillings; and as far as provisions are concerned you will find that flour is sold in some sections by the bushel; in other sections by the stone, and in other sections by the sack and barrel; and you will find where it is sold by the bushel the price is nine shillings per bushel, and you can buy it here at present for \$1.

Mr. BRECKINRIDGE. Where is your home?

Mr. JARRETT. Pittsburgh. A house in Pittsburgh such as I have described would rent for \$13. Rents are very high there.

Mr. KELLEY. I would like to ask this witness (Mr. Corbett) whether there are many houses in which potter workers having employment are compelled to lodge from eight to sixteen in a small room not large enough to hold two bedsteads, including father, mother, adult sons and daughters, sons-in-law, daughters-in-law, and grand-children?

Mr. CORBETT. There are not.

Judge KELLEY. Well, they are as common as pebble-stones throughout the district you describe as so much better.

Mr. CORBETT. I did not describe it as better any more than this—if I have left that impression I want to remove it—that the condition in which they live there, being that much cheaper than here, huddled together as they are there, that they can take the work and undermine us in wages.

Colonel BRECKINRIDGE. When were you in that country?

Mr. CORBETT. I never have been there. I am taking the basis of wages from their own reports.

Mr. BRECKINRIDGE. Have you made the calculation, and, if so, can you tell me about what is the amount that a family can live comfortably on in Trenton, per annum? Have you made the calculation as to what is the gross amount that an ordinary family, say, father, mother, and five children, can live in Trenton on, with fair comfort, per year?

Mr. CORBETT. I have never estimated the amount of what they could live for with fair comfort. I have estimated my own expenses.

Mr. BRECKINRIDGE. What wages do you get?

Mr. CORBETT. I was getting \$15 a week in Trenton.

Mr. BRECKINRIDGE. You are not now in employment?

Mr. CORBETT. Yes, sir.

Mr. BRECKINRIDGE. Are you still getting \$15 per week?

Mr. CORBETT. Yes, sir. With the increase of my family to four children, my wife and myself, when I balanced up my accounts on the last day of December of last year, I found that I had worked every day there was work for me; I had not lost a day except through sickness, and I think then it was only a week. I found I had drawn out of my savings of previous years \$176 to keep my family.

Mr. BRECKINRIDGE. Had your wages declined from past years?

Mr. CORBETT. Yes, sir; but not from 1883; not from 1877 have my wages declined.

Mr. BRECKINRIDGE. And this is the first time you have drawn on your resources?

Mr. CORBETT. It is the first time I have gone so far behind, for the reason that in years before my wife helped me. This last year my family increased and she could not assist me.

Mr. BRECKINRIDGE. How much time did you lose from lack of work in the past year?

Mr. CORBETT. I do not know. I might figure it up at about eight or ten dollars.

Q. There was steady employment, except for a very brief time?—A. At the place I was working, yes, sir.

Q. Was that the general condition of trade?—A. No, sir.

Q. The hands were turned off?—A. Yes, sir; the general condition of trade was bad about Trenton last year.

Q. That you consider due to the lack of consumption of your goods?—A. I consider it due to the flooding of our markets with importations from foreign markets; not lack of consumption.

The CHAIRMAN. How do the wages compare now with wages in 1881?—A. They compare favorably. There has been a little reduction in some branches.

Q. On an average to what extent?—A. On an average perhaps it would reach 5 per cent. There was some branches we conceded a reduction of 8 per cent. to the manufacturer by mutual consent.

Q. How much of the time are the hands employed there?—A. Well, last year, taking the trade all the way through, the most of them have not lost but about a quarter of the time.

The CHAIRMAN. I see by the census that in that year the average was about \$10 a week.

Mr. CORBETT. I know if you go back to the duty on packages as before 1883, and leave the 1883 tariff as it is, we would undertake to go to work and compete with them.

Mr. BRECKINRIDGE. Was the net result of the revision of the tariff a decrease or an increase?

Mr. CORBETT. It was really a decrease.

The CHAIRMAN. Not all the way through?

Mr. CORBETT. It was a decrease for this reason—that there was a few months of the time when there was no duty at all on these goods, while the Treasury Department had the matter under consideration, and our markets were flooded with imported goods, and then they put it on 1½.

The CHAIRMAN. But there were many articles of goods on which it was very low and put up to 60 per cent.

Mr. MCKINLEY. That is correct; but Mr. Corbett is also correct in saying under the ruling of Secretary Folger it was held during a certain period that there was to be no duty on packages after the passage of this bill for three or four months, I think it was, and during that time the foreign manufacturers had a great advantage and did flood our markets, from which our people have since been suffering.

STATEMENT OF MR. MULBERON.

I. H. MULBERON was introduced, and said:

Mr. Chairman and Gentlemen: I do not know that I have much more to say beyond what Mr. Corbett has said with the exception of stating this, that there is a considerable difference in the wages paid on the other side and those paid in the city of Trenton, and I suppose throughout the whole United States there is a difference I suppose of 100 per cent., as near as I can get at it. They live a little poorer over there than we do, and the difference in wages enables them to manufacture that much cheaper than us. The labor being cheaper, of course it gives them a better chance to flood this market. That is what we complain of. But really what we were sent here for by the working-men of Trenton and men elsewhere connected with the business was to ask you to leave the tariff where it is without altering it, to increase the duty on packages, or else prohibit the introduction of any crockery at all into the country, and bring them fellows over from the other side with their capital. If you don't do that give us free trade and we will go over there and give them a lick or two.

Mr. BRECKINRIDGE. What do you mean by free trade?

Mr. MULBERON. We will go on the other side. I have been brought up in this business, and it takes years to learn it. I don't want to go on the other side if I can help it. And another thing, I don't want to be forced down to their wages. I have been drilled to think I ought to have more than they get on the other side, and I expect it.

Q. Do you use machinery in this country?—A. Very little. That is where they have got us on the other side in a certain kind of goods—that is, in saucers, plates, and cups. On the other side they generally employ women at that to a great extent, and they pay that much less for that kind of labor, that is the kind of goods made by machinery they generally send to this country. The goods they manufacture for home consumption are made the same as here. The goods they make over there decorated or painted

hides generally the defects when sent here. They are made cheaply and poorly. Now, I would like to say here that I understand one of the largest importers of New York, Mr. Strauss, has purchased a German pottery. As I understand it, there is as much difference between German potters' wages and English wages as between American and English wages. Now, that is a country we never have had to fight before, and as far as I understand it they are beginning to ship these goods at their own valuation. Of course it makes the Englishmen scared of them also; they have to fight them, that is at the present time. The Frenchmen are a little better than that, but I understand they are selling their goods at a third less than they were in 1833 previous to the passage of this tariff. That is dinner sets costing \$50, they are selling now at \$33.

Judge KELLEY. Have you ever been in the pottery business in England?

A. No, sir; I have never been across the water, but I will state here that in my branch—

Mr. BRECKINRIDGE. What is your branch?

A. What they call sizzening—that is, making cups or saucers, basins, or anything of the kind—anything general in that line that is flat or round; what they call a flatman or presser. I was about to remark that those familiar with my branch of the business are all Englishmen or Scotchmen, generally, who have been out here a great number of years and had to leave those factories there which gave the work to women; and the one thing against the learning of this business here among boys and young men is they don't like to go at it because they have considerable child-labor to pay for before they make a penny for themselves; but in the other branches of the business it seems to me it is entirely taken up by Americans.

Judge KELLEY. I was going to ask you your observation of pottery-workers in Staffordshire, but if you haven't been there you cannot tell us.

A. I can only give hearsay. I think their condition here is far better than on the other side. There is a friend of mine working next to me who was over there some eight weeks, and he said he would not like to live there. He said the living was better here and greater variety than on the other side. He said a man there was lucky if he got a piece of meat once a week, but here we can get it once or twice a day if we want it.

STATEMENT OF MR. HAGGERTY.

Mr. DAN HAGGERTY was introduced, and said:

In our city there is another industry besides pottery, and that is the wire-rod industry. As Judge Buchanan stated, the tariff of 1883 was an injustice. The passage of that bill has been the means of throwing from 200 to 300 men out of employment altogether, men that were employed steadily previous to the passage of this bill in 1883, and those that have continued to work in the rolling-mill department and any other department have been working from two to three days a week, and their wages have been reduced from 20 to 30 per cent. These men that have been thrown out of employment consider that it is an injustice; perhaps it was overlooked by Congress. The bill they know was passed in haste, and they did not know of it until they read it in the newspapers and observed that the bill had been passed in the House, and they hope you will give them some relief in the revision of the tariff at this time. They request a section inserted in the Morrison tariff bill on page 8, line 116, between the words "act" and "one," "an iron or steel rivet screw only, and fence-wire rods in coils and loop not lighter than No. 5 wire gauge." Now, this is about the size of the wire that is being imported; in some cases it is an inferior grade. The consumer may think if the goods are cheap and made into rope it is a good article, and it has legislation in its favor. On the other hand, this manufacturer in a foreign country, we knowing of the character of the material in it—to a certain extent it may be tested, and it may not be perhaps—I say perhaps because I cannot prove it—that the manufacturer stands in with the agent that tests it just the same as he comes to Congress and labors in the interest of this bill, and just as soon as the bill passed he cut his men down so low he was ashamed to ask them to work for any less wages, and then he says, "Gentlemen, I cannot compete with the foreign markets; I must purchase my rods elsewhere; I will import them and you will find other employment." The consequence was these men were thrown out of employment. Is that fair? And that has not only been done in Trenton, but in other places where wire-rod industries exist. I have not any statistics to present, believing that the best argument was the argument that these men have been thrown out of employment and the wages reduced.

Mr. HEWITT. Whose establishment do you refer to as having stopped this branch of industry?

Mr. HAGGERTY. The Roberly Works.

Mr. HEWITT. Which is the other?

Mr. HAGGERTY. Cooper, Hewitt & Co.

Mr. HEWITT. When you say that somebody lobbied, to whom do you refer?

Mr. HAGGERTY. I refer to Roberly. The men understood that he was here in Washington, or some of his agents.

Mr. HEWITT. Did you understand that Cooper, Hewitt & Co. came here and lobbied to get the duty down.

Mr. HAGGERTY. No, sir. On the other hand I remember reading in the papers on the Sunday after this bill was passed, and it was passed on Saturday, I remember reading that Mr. Hewitt rose in his seat and said it would be the means of throwing 800 men out of employment at Trenton, N. J. The men remember that distinctly.

Mr. HEWITT. I only wanted to clear up an impression that might have been had about that firm.

Mr. HAGGERTY. I wish it to be remembered that I am here as a member of a committee of workingmen, representing no firm and no business; we come here in the interest of workingmen knowing that the reduction of the tariff means the reduction of wages.

The CHAIRMAN. That is what you think of it.

Mr. HAGGERTY. We know that it is a fact. Is not what I have said proof of it? Since 1883 the wages of the men employed in the wire industry have been reduced from 20 per cent. to 30 per cent.

The CHAIRMAN. The duty on corn and wheat was not reduced and yet the price of it has fallen off a good deal more than that.

Mr. CORBETT. It is because you have reduced the means of buying wheat and corn that it has gone down.

Mr. MCKINLEY. What do you say to the proposition of the bill now under consideration to reduce round iron and coil rods of less than one-tenth inch in diameter, reduce it to 1 cent from what it stands now 1.1 cents?

Mr. HAGGERTY. The wire imported here comes in at No. 5 wire gauge, and at a No. 5 gauge there is not much labor on that wire before it goes into the market, so that there is no protection whatever to the majority of the workmen employed in the industry.

THE IRON AND STEEL INDUSTRY.

WASHINGTON, D. C., *March 4, 1886.*

STATEMENT OF MR. B. F. JONES.

Mr. B. F. JONES, of Pittsburgh, president of the American Iron and Steel Association, opened the presentation of the case on the part of the manufacturers. He said:

Mr. Chairman and gentlemen of the committee, I have been requested by the general and fully representative committee of the American Iron and Steel Association now before you to present to you its views in relation to House bill No. 5576, under consideration by your committee, and having the peculiar and objectionable title of "An act to reduce tariff taxes."

After a full conference and comparison of views we have concluded that it would not be of use to take up your time with extended oral arguments unless the committee desires it.

As you are aware we are now beginning to recover from the extreme distress of a prolonged depression in business; but, as confidence is not fully restored, it seems to us that this is a dangerous time to agitate the tariff question, unless it should be to simply enact higher duties on articles that have been left unprotected by the existing laws.

The margins of profits in all branches of iron and steel manufactures, where any profits exist at all, are so low that there is no room for reductions in them; and the rewards of labor, although advanced here and there, are still so low that workingmen are dissatisfied and are demanding higher wages.

Their wish to better their condition, which we fully sympathize with, will be surely thwarted by the adoption of this bill, which is objectionable on many grounds, such as its general introduction of ad valorem rates of duty, and other grounds which can be enumerated. But its immediate and worst effect will be the reduction of wages, and we refer you to the wage-workers for their views on that subject.

The proposition presents itself to us as simply a choice between a comfortable and peaceable population and a distressed and discontented population. Further objections to the pending bill will be presented to you in a paper prepared by the association; and I now protest, in its name, against the present agitation of the tariff question, which, we are sure, must be injurious to all the business interests of the country.

OBJECTIONS OF THE AMERICAN IRON AND STEEL ASSOCIATION.

Mr. GEORGE W. COPE, secretary of the American Iron and Steel Association, read the following paper:

Mr. Chairman and gentlemen of the committee, as representatives of the iron and steel industries of the United States we appear before you to submit to your consideration our deliberate judgment upon the important question of another revision of the tariff. We thank you for the opportunity to give this testimony. At the outset we say with emphasis that we do not despair of convincing you that the present tariff is not in need of general revision, and that such revision as is proposed in House bill No. 5576 would seriously injure the industries of the country, and through them the country itself, if it could become a law. You are American citizens, charged with a grave responsibility, and we do not sympathize with the opinion that nothing we may say, or that representatives of other American interests may say, will influence your action upon this bill. We feel that you will at least carefully weigh the testimony we will submit to you.

Let us begin at the beginning. Why is this question of tariff revision again before you? Because, as is alleged, both the great political parties of the country demanded revision in their national platforms adopted at Chicago in 1884. We are not called upon

to defend or to assail the action of any political party; as business men we are neither Republicans nor Democrats; but we deny that the Republican platform of 1884 demanded a general revision of the tariff; it called simply for a correction of its "inequalities." And we deny that the Democratic platform of 1884 demanded such revision as is proposed in House bill No. 5576; it specified that in any revision which might take place the interests of American capital and labor should be protected, and this condition, we respectfully submit, has not received due consideration in the framing of this bill. Nor did the Presidential and Congressional elections of 1884 turn upon the question of tariff revision; other questions entered much more prominently into the canvass of that year. We deny that any considerable number of the members of the present Congress were elected upon this issue, and we deny that the successful candidate for the Presidency could have been elected if this had been the leading issue of the campaign. We appeal to the history of the campaign of 1884.

In justification of the opinion we here express, that a revision of the tariff involving a reduction of duties has not been demanded by the people, we ask attention to the fact that they have not petitioned Congress to undertake this revision, nor have they indicated by mass meetings or conventions that they wish this to be done. We have heard of no representative assemblage that has asked Congress to reduce duties. The Free Trade Convention which recently met in Chicago was not a representative body. If the present tariff is a burden to anybody but those importers who are not American citizens it is a burden to workingmen, to farmers, to wool-growers, to the great mining and manufacturing interests of the country, and to its vast railroad systems, but none of these classes or interests have said that it is. There is absolutely no noticeable complaint from consumers of the high price of a single manufactured American product.

Upon the other hand, we have direct and explicit testimony that the drift of public sentiment in this country is unmistakably against a general revision of the tariff. Last summer the Secretary of the Treasury addressed a circular letter to the manufacturers of the country, requesting their opinions upon the question of tariff revision. Through their several organizations and otherwise the manufacturers have very generally responded to the Secretary's application for information, and with remarkable unanimity they deprecate another revision of the tariff. The replies of the great manufacturing associations of the country to the Secretary's circular have been published, and they all without exception condemn revision. If the organizations of workingmen employed by the manufacturers had been asked for their views upon the subject of tariff revision we hazard nothing in saying that they would have quickly approved the position taken by their employers. They may yet seek the opportunity to say that they too do not want revision. The wool-growers of the country have a national organization and many State organizations, and they unanimously disapprove any revision except one which would increase the duty on wool, and this increase the present bill does not give them.

Let House bill No. 5576 be submitted to a vote of the people of this country and it would be rejected by an overwhelming majority. Does any gentleman of this committee doubt that this would be its fate?

If, then, the people do not demand a general revision of the tariff why should Congress plunge the country into an agitation which, whatever the final result may be, can have no other immediate effect than to exercise a disturbing and depressing influence upon all our productive industries, and to correspondingly encourage our industrial rivals in other countries? Surely American Congressmen do not wish to afford aid and comfort to those foreign manufacturers who are anxiously looking for a break in our revenue policy which will permit them to increase their sales in our markets, and yet this is precisely what the reopening of the tariff question this winter has already done. The London Iron and Coal Trades Review for December 24, in commenting upon the President's message, said: "There is the hope that if the duties are made more reasonable we shall do a larger amount of trade with America than has of late years fallen to our lot. We cannot but regard with the greatest interest any movements toward free trade that are made in the United States Legislature." Since these rose-colored views found expression a discouraging report of the prospects of tariff legislation this winter appears to have been transmitted across the Atlantic, and its echo comes back to us in the following cable dispatch from London, dated February 17: "Iron declined sixpence per ton and sugar became flat on the news that it was unlikely the Morrison bill would be passed by Congress this year." Surely an American Congress cannot deliberately desire to increase the importation of foreign goods which compete with our own products, and yet here is foreign testimony that a revision of our tariff, such as that which is now proposed, would have that effect.

But it is said that the revenue of the Government is excessive and must be reduced twenty millions or more, and that a reduction of duties will produce this result. This may well be doubted, as the tendency of low duties is to increase importations and con-

sequently to increase the revenue. A reduction of the duties in the wool and woolen schedule in 1883 largely increased the importations of wool and of English worsteds.

The reduction in the duties on iron and steel in that year was not sufficient to at once increase importations, but the bill which is now pending before you would have that effect. Even under the present tariff British ironmasters hope to increase their exports of iron and steel to this country. Owing to the improvement in our iron trade which has recently taken place our importations of pig-iron from Great Britain in January amounted to 24,829 tons, against only 13,870 tons in December. There will be a large increase in our importations of steel rails this year, owing to various causes not necessary here to explain. Reduce the duty on pig-iron and steel rails and very large importations may be expected, resulting in an increase of revenue. And as with pig-iron and steel rails so it will be with other iron and steel products, with cotton and woolen goods, with earthenware and glassware, and with other articles; increased importations and increased revenue may be expected if duties are reduced. We do not concede that it is necessary to reduce the revenue, but if this result were desirable we can see two methods by which it can with certainty be accomplished. An increase of duties on manufactured commodities which are now largely imported in competition with domestic products is one of these methods, and a reduction of the internal-revenue taxes is the other method.

Assuming, however, that it is possible to reduce the revenue several millions by the enactment into a law of the measure now under consideration, is it wise to accomplish this result at the great cost to the industries of the country that would be certain to follow? A reduction of duties must increase importations. The bill before you if enacted into a law would largely increase the importations of iron ore, lead ore, copper ore, coal, salt, borax, potash, and lumber, which are placed on the free list; also of various agricultural products which are similarly treated—oats, hay, and potatoes especially. It would increase the importations of other commodities on which it simply reduces duties. Increased importations of the products of foreign mines, forests, farms, and factories would mean the displacement of like products of domestic origin, and consequently of American labor by foreign labor. It would do more than this: by subjecting our miners, manufacturers, and other producers to sharper competition with foreigners for the control of our home market than now exists, this bill would absolutely prevent an advance in wages in many industries in which they are now too low, and in other branches it would reduce the wages that are now paid. We will not believe that you wish to increase the importations of foreign products, knowing that this increase would throw many American workingmen out of employment and compel the remainder to work for low wages.

We observe that the bill we are considering does not disturb the duty of 20 cents per bushel on wheat. Repeal that duty, and India wheat would come into New York harbor by ship-loads. If a repeal of the duty on wheat would permit the importation of India wheat, and at the same time keep down the price of domestic wheat, the repeal or reduction of other duties must produce similar consequences.

The States of this country which have been most conspicuous for manufacturing and mining enterprises have been the chief customers of those other States which have been more exclusively devoted to agriculture. To adopt a revenue policy such as is proposed by the bill under consideration cannot enlarge our exports of agricultural products to other countries, which will always obtain their foreign food supply where they can obtain it cheapest, but it would undoubtedly reduce, through the increased competition in our markets of the products of foreign mines and factories, the ability of our mining and manufacturing States to consume the agricultural products of the other States. Poorly paid or idle labor consumes very much less food than that which is well paid. Then, again, it should not be the policy of our Government to restrict mining and manufacturing enterprises to those States where they already exist. Every section of our country should be encouraged to develop all its natural resources. But if this bill should become a law it would certainly prevent the opening of new mines and the erection of new factories in the South and West, both of which sections need such enterprises to sustain their agriculture as well as to enlarge the sources of their prosperity.

Why should iron ore, for instance, be placed on the free list when new iron ore fields in our own country are every year being developed? In 1884 the Cranberry mines in Western North Carolina produced 3,998 tons of iron ore, and in 1885 they produced 17,839 tons. In 1884 the Gogebic district in Northwestern Michigan produced 1,022 tons, and in 1885 it produced 84,302 tons. In 1884 the Vermillion mines in Minnesota produced 62,124 tons, and in 1885 they produced 225,484 tons. In 1885 a new company, with ample capital, commenced the development of the extensive mangiferous iron ore mines of Arkansas. Do we wish to check these developments and other new enterprises of similar character by placing iron ore on the free list, and by limiting, through lower duties on iron and steel, the demands of our iron ore consumers? The South is increasing its production of pig iron. Do we wish to encourage the importation of for-

eign pig iron into those Northern markets where Southern pig iron is now largely sold? Our Bessemer steel industry is no longer confined to a few establishments located in three or four States. Twenty-four Bessemer steel works now exist in as many as nine States, namely Massachusetts, New York, New Jersey, Pennsylvania, Ohio, West Virginia, Illinois, Missouri, and Colorado, while ten more works scattered over some of the States named are in course of erection, and are fast nearing completion, with still others projected. Do we wish to check the onward march in our country of this great industry by reducing the duties on foreign steel products?

The pending bill is a very long stride toward free trade. It places on the free list many articles which are now dutiable and which compete with domestic products. It materially reduces other duties, and some of them so low that they will but slightly check foreign importations. Great Britain is the only leading industrial nation in the world that has adopted free trade. Is her experience under that policy such that we should copy her example? Do we want to make things cheap, as she has done, and impoverish and degrade and brutalize the men and women who make them? You will not say that we do, and yet it is to this that the bill before you plainly points. We should be warned by the example of Great Britain and not be deluded by it. Free trade has brought that country into a deplorable condition to-day. Other countries are annually taking less and less of her manufactured products, all advanced countries now insisting on manufacturing for themselves, and with the decline in British exports the distress and discontent of the British working classes increase. British agriculture fares no better. In the Queen's speech at the opening of Parliament on the 21st of January she said: "I regret to say that no material improvement can be noted in the condition of trade or agriculture. I feel the deepest sympathy for the great number of persons in many avocations of life who are suffering under a pressure which, I trust, will prove transient." British organs of public opinion do not, however, see any hope that the depression will be "transient." On the contrary, they say that Great Britain can only hope to increase her trade with other countries by a further reduction of wages, and they recommend as an additional measure of relief for the country at large that emigration to other countries be encouraged—even the emigration of British paupers. What is there for an American statesman to commend in a revenue policy which produces such results as these? When British statesmen are themselves, as we all know, seriously deliberating upon the propriety of abandoning free trade, would it not be madness in this country to adopt even an approximation to a policy so vicious and so heartless as it has proved to be?

We have said that the mere discussion of a bill for the general revision and reduction of duties must exercise an unfavorable influence upon the business of the country, and we now add our earnest conviction that if the bill under consideration should become a law it would produce a financial panic. While general business has recently improved it is still in a very sensitive condition, and the utmost caution is necessary to prevent a reaction. We are in great danger of seeing the balance of trade, which has for many years been largely in our favor, turned against us. The total value of our imports of merchandise during the twelve months which ended January 31, 1886, was \$660,749,374, and during the twelve months which ended January 21, 1885, it was \$617,172,414. The value of our exports of merchandise during the twelve months which ended January 31, 1886, was \$665,676,776, and during the corresponding twelve months preceding it was \$755,909,405. It will be seen that, with increasing imports and decreasing exports, the danger line has already been reached. Instead of exporting our wheat, which England does not want in accustomed quantities because of the cheaper supply from India, and which all Europe is restrained from buying in liberal quantities because of the depressed condition of European industries, we are exporting gold. Now increase still further our importations of foreign merchandise through an enlargement of the free list and a reduction of duties and the balance of trade will soon be largely against us. With many of our mines and workshops closed by foreign competition, with wages lower than they ought to be, with labor disheartened and embittered and capital discouraged and disgusted, with the balance of trade against us and gold going abroad to adjust this balance, a panic would be inevitable. Do we want another panic like that of 1873?

Gentlemen of the committee, there must come a time in the history of this country when tariff tinkering, except for the correction of manifest errors, must come to an end. Our people will not always patiently submit to the policy which keeps the industries of the country in constant peril through threatened tariff legislation. Stability in our revenue system is absolutely essential to the country's prosperity, and the necessity for this stability must soon be generally conceded by men of all parties. The agitation which preceded and accompanied the passage of the tariff act of 1883 was an injury to business, yet before the business interests of the country had adapted themselves to the new law another tariff scheme occupied the attention of Congress and kept these interests in a state of anxiety for six months in 1884. Now we have another tariff bill of a sweeping

character—three comprehensive tariff measures within three years. With all due respect for the convictions of those who differ with us we most earnestly appeal to you to lay this bill on the table. The end to tariff legislation which must come some day may as well come now. The present tariff is not perfect; the iron and steel interests of the country have special cause to complain of some of its provisions. In a letter which the American Iron and Steel Association had the honor to address to the Secretary of the Treasury in November last, copies of which letter have been laid before the members of this committee, several grave errors in the duties on iron and steel were pointed out, but not one of these has been corrected in the bill now before you. The bill does not propose any measure to cause the cessation of the annual drain of \$20,000,000 for tin plates, and of other millions for cotton-ties, wire rods, &c. It proposes to continue those drains unchecked, and it seems to us well adapted to promote foreign rather than American industries.

Production of pig-iron in the United States, by States and Territories, in the last six years.

[Statistics collected from the manufacturers by the American Iron and Steel Association.]

States and Territories.	Net tons of 2,000 pounds.					
	1880.	1881.	1882.	1883.	1884.	1885.
Maine.....	3,578	4,400	4,100	4,400	.....	440
Vermont.....	1,800	2,796	1,210	.....	.....	.....
Massachusetts.....	19,017	18,318	10,335	10,760	4,902	869
Connecticut.....	22,583	28,483	24,342	19,976	14,174	17,500
Total New England.....	46,978	53,997	39,987	35,136	19,076	18,809
New York.....	395,361	359,519	416,156	331,964	239,486	160,157
New Jersey.....	170,049	171,672	176,805	138,773	82,935	73,667
Pennsylvania.....	2,083,121	2,190,786	2,449,256	2,638,891	2,385,402	2,445,496
Total Middle States.....	2,648,531	2,721,977	3,042,217	3,109,628	2,707,823	2,679,320
Maryland.....	61,437	48,756	54,524	49,153	27,342	17,299
Virginia.....	29,934	83,711	87,731	152,907	157,483	163,782
North Carolina.....	.....	800	1,150	.....	435	1,790
Georgia.....	27,321	37,404	42,440	45,364	42,655	32,924
Alabama.....	77,190	98,081	112,765	172,465	189,664	227,438
Texas.....	2,500	3,000	1,321	2,381	5,140	1,843
West Virginia.....	70,338	66,409	73,220	88,398	55,231	69,007
Kentueky.....	57,708	45,973	66,522	54,629	45,052	37,553
Tennessee.....	70,873	87,406	137,602	133,963	134,597	161,199
Missouri.....	105,555	109,799	113,644	103,296	60,043	51,408
Total Southern States.....	502,856	581,359	690,919	802,556	717,642	764,243
Ohio.....	674,207	710,546	698,900	679,643	567,113	553,963
Indiana.....	12,500	7,300	10,000	9,950	2,568	6,634
Illinois.....	150,566	251,781	360,407	237,657	327,568	327,977
Michigan.....	154,424	187,043	210,195	173,185	172,834	143,121
Wisconsin.....	96,842	102,029	85,859	51,893	52,815	24,632
Minnesota.....	3,520	7,442	8,126	8,000	.....	.....
Total Western States.....	1,092,049	1,266,141	1,373,487	1,160,328	1,122,898	1,056,327
Colorado.....	.....	6,396	23,718	24,680	15,837	5,481
Utah Territory.....	.....	.....	57	.....	.....	.....
Oregon.....	5,000	6,100	6,750	7,000	3,640	3,832
California.....	.....	4,414	987	5,327	2,157	.....
Washington Territory.....	.....	1,200	.....	2,317	540	1,857
Far Western States.....	5,000	18,110	31,512	39,324	22,174	11,170
Total.....	4,295,414	4,641,564	5,178,122	5,146,972	4,589,613	4,529,869

Production, average annual price, and duty on steel rails and pig-iron in the United States from 1867 to 1886.

[This table is made to begin with 1867 because the manufacture of steel rails began in this country in that year. The price of steel rails is at mills in Pennsylvania. The price of pig-iron is for No. 1 anthracite foundry delivered at Philadelphia.]

Years.	Bessemer steel rails.			Pig-iron.		
	Product in gross tons.	Price in currency.	Duty.	Product in gross tons.	Price in currency.	Duty.
1867	2, 277	\$166 00	45 per cent. ad valorem.	1, 305, 023	\$44 00	\$9 per ton to December 31, 1870.
1868	6, 451	158 50		1, 431, 250	39 25	
1869	8, 616	132 25		1, 711, 287	40 50	
1870	30, 357	106 75		1, 665, 179	33 25	
1871	34, 152	102 50		1, 706, 793	35 00	
1872	83, 991	112 00	\$28 per ton to August 1, 1872; \$25.20 to March 3, 1875; \$28 from that date to July 1, 1883.	2, 548, 713	49 00	\$7 per ton to August 1, 1872; \$6.30 to March 3, 1875; \$7 from that date to July 1, 1883.
1873	115, 192	120 50		2, 560, 963	42 75	
1874	129, 414	94 25		2, 401, 262	30 25	
1875	259, 699	68 75		2, 023, 733	25 50	
1876	368, 269	59 25		1, 868, 961	22 25	
1877	385, 865	45 50	\$17 per ton from July 1, 1883.	2, 066, 594	19 00	\$6.72 per ton from July 1, 1883.
1878	491, 427	42 25		2, 301, 215	17 50	
1879	610, 682	48 25		2, 741, 853	21 50	
1880	852, 196	67 50		3, 835, 191	28 50	
1881	1, 187, 770	61 13		4, 144, 254	25 00	
1882	1, 284, 067	48 50	\$17 per ton from July 1, 1883.	4, 623, 323	25 75	\$6.72 per ton from July 1, 1883.
1883	1, 148, 709	37 75		4, 595, 510	22 25	
1884	996, 983	30 75		4, 097, 868	20 00	
1885	959, 471	28 50		4, 044, 526	18 00	
1886 (Feb.)		34 00			18 50	

Production of pig-iron and the percentage of increase or decrease annually in the United States, Great Britain, and Germany, from 1879 to 1885.

[The United States and Germany have had protective tariffs during this period; Great Britain has enjoyed free trade.]

Years.	United States.	Percentage of increase or decrease.	Great Britain.	Percentage of increase or decrease.	Germany.	Percentage of increase or decrease.
	Gross tons.		Gross tons.		Metric tons.	
1879	2, 741, 853		5, 995, 337		2, 226, 587	
1880	3, 835, 191	+39.80	7, 749, 233	+29.00	2, 729, 037	+22.50
1881	4, 144, 254	+ 8.05	8, 377, 364	+ 8.10	2, 914, 009	+ 6.77
1882	4, 623, 323	+11.50	8, 493, 287	+ 1.38	3, 380, 806	+16.00
1883	4, 595, 510	- 0.60	8, 490, 224	- .036	3, 469, 719	+ 2.63
1884	4, 097, 868	-10.80	7, 528, 966	-11.30	3, 572, 155	+ 2.95
1885	4, 044, 526	- 1.30	7, 450, 000	- 1.049	3, 751, 775	+ 5.28
Increase 1885 over 1879		+47.50		+24.20		+68.50

Changes in the duties on iron ore, coal, and iron and steel proposed by House bill No. 5576.

Articles.	Present duty.	Proposed duty.
Iron ore and manganiferous iron ore.....	75 cents per ton.....	Free.
Crude mineral substances and metals unwrought, not elsewhere specified.	20 per cent.....	Free.
Bituminous coal.....	75 cents per ton.....	Free.
Coal slack, or culm.....	30 cents per ton.....	Free.
Coke	20 per cent.....	Free.
Pig iron, spiegeleisen, scrap iron, and scrap steel..	\$6.72 per ton.....	\$5.60 per ton.
Iron rails, over 25 pounds to the yard.....	\$15.68 per ton.....	\$12.50 per ton.
Steel rails, over 25 pounds to the yard.....	\$17 per ton.....	\$12.50 per ton.
Bar iron.....	\$17.92 to \$24.64 per ton.....	\$17.92 to \$22.40 per ton.
Iron or steel rails, not over 25 pounds to the yard...	\$20.16 per ton.....	\$15 per ton.
Iron or steel flat rails, punched.....	\$17.92 per ton.....	\$15 per ton.

Changes in the duties on iron ore, coal, and iron and steel, &c.—Continued.

Articles.	Proposed duty.	Present duty.
Round iron under $\frac{7}{16}$ inch, and bars not otherwise provided for.	\$26.88 per ton.....	\$2.402 per ton.
Boiler, plate, skelp, and sheet iron.....	No change in duty named.	But no duty to exceed 60 per cent.
Galvanized plate and sheet iron.....	No change in duty named.	But no duty to exceed 60 per cent.
Polished and cold-rolled sheet iron	No change in duty named.	But no duty to exceed 60 per cent.
Hoop iron, not thinner than No. 10.....	\$22.40 per ton	\$17.92 per ton.
Hoop iron, thinner than No. 10.....	No change in duty named.	But no duty to exceed 60 per cent.
Articles manufactured from sheet, plate, and hoop iron.	\$5.60 per ton in addition to sheet, plate, and hoop duties.	\$4.48 per ton in addition to sheet, plate, and hoop duties, but no duty is to exceed 60 per cent.
Iron or steel fishplates or splicebars.....	\$28 per ton.....	\$22.40 per ton.
Horseshoe, hob, wire, and wrought iron or steel nails.	4 cents per pound	3 cents per pound.
Iron or steel boiler tubes, flues, or stays	3 cents per pound	2½ cents per pound.
Files, file-blanks, rasps, or floats.....	No change in duty named.	But no duty to exceed 60 per cent.
Steel ingots, blooms, bars, plates, sheets, hoops, &c.	No change in duty named.	But no duty to exceed 60 per cent.
Iron or steel beams or other shapes.....	\$28 per ton.....	\$22.40 per ton.
Steel and steel-tired wheels and railway tires	2½ cents per pound.....	1 cents per pound.
Tire ingots	2 cents per pound	2½ cents per pound.
Iron or steel wire and articles made therefrom....	No change in duty named.	But limitation to sizes smaller than No. 5 is stricken out, and no duty is to exceed 60 per cent.

GENERAL PROVISION.—After December 31, 1886, no duty in excess of 50 per centum ad valorem shall be levied, collected, and paid on any iron or steel, or any manufacture of iron or steel.

Imports of iron and steel and manufactures thereof into the United States from all countries during the calendar years 1883, 1884, and 1885.—Foreign values.

[Prepared from statistics furnished by the United States Bureau of Statistics. New classification under Act of March 3, 1883.]

Commodities.	1883.		1884.		1885.	
	Gross tons.	Values.	Gross tons.	Values.	Gross tons.	Values.
Iron ore.....	490,875	\$1,207,991	487,820	\$1,133,678	390,786	\$801,293
Pig iron	322,618	5,715,999	181,269	3,200,451	146,740	2,553,298
Scrap iron	64,286	1,014,863	26,957	340,420	13,821	151,714
Scrap steel.....		(*)	7,489	144,177	1,961	23,911
Bar iron	42,329	1,914,474	36,605	1,588,464	31,474	1,401,213
Iron rails.....	676	21,231	84	2,110	51	1,040
Steel rails.....	34,125	1,047,609	2,745	67,669	2,138	55,654
Cotton ties		(*)	15,641	516,262	18,371	570,263
Hoop, band, and scroll iron	896	39,436	297	22,552	92	6,630
Steel bands, sheets, and plates.....		(*)	1,339	120,171	2,361	129,649
Steel ingots, bars, &c.....		(*)	21,973	1,310,362	30,105	1,249,123
Sheet, plate, and taggers' iron	8,138	684,315	7,020	651,052	5,535	547,775
Tinplates.....	221,233	18,156,773	216,181	16,858,650	228,597	15,991,152
Wire rods.....		(*)	129,933	4,555,699	93,882	2,908,772
Wire and wire rope		(*)	2,439	426,373	2,210	437,020
Anvils, axles, and forgings.....		(*)	863	105,231	573	78,488
Chains.....		(*)	860	86,690	565	63,728
Cutlery.....		2,061,603		1,704,169		1,444,545
Files, file-blanks, rasps, and floats...		(*)		46,472		44,040
Fire-arms		1,258,940		1,429,612		827,930
Machinery.....		1,695,370		1,185,026		970,051
Needles		(*)		364,908		322,176
Other manufactures of iron and steel		13,875,693		2,351,602		1,366,358
Total		48,714,297		38,211,800		31,945,823

* Included in "Other manufactures of iron and steel."

Exports of iron and steel and manufactures thereof from Great Britain to all countries in 1882, 1883, 1884, and 1885.

[This table shows how great has been the decline of British exports of iron and steel in the years mentioned.]

Articles.	Quantity in gross tons.			
	1882.	1883.	1884.	1885.
Pig-iron	1,758,072	1,564,048	1,269,576	960,160
Bar, angle, bolt, and rod	313,155	288,271	296,489	264,272
Railroad iron, all kinds.....	936,949	971,165	728,540	711,415
Wire, and manufactures of, except telegraph wire.....	86,653	62,620	52,968	55,086
Hoops, sheets, and boiler and armor plates...	342,599	347,782	348,298	331,471
Tinplates and sheets.....	265,039	269,375	288,614	297,728
Cast and wrought	328,262	355,842	376,367	349,978
Old iron	132,033	97,475	68,141	84,945
Steel, unwrought.....	172,329	73,131	56,934	60,466
Manufactures of steel or steel and iron combined.....	18,461	13,599	11,064	12,880
Total.....	4,353,552	4,043,308	3,496,991	3,128,401

Articles.	Value.			
	1882.	1883.	1884.	1885.
Pig-iron.....	£4,962,185	£4,077,456	£2,945,223	£2,090,091
Bar, angle, bolt, and rod.....	2,298,533	2,034,667	1,942,294	1,621,702
Railroad iron, all kinds.....	6,387,219	6,014,264	4,142,063	3,896,563
Wire, and manufactures of, except telegraph wire	1,330,544	926,797	692,607	688,991
Hoops, sheets, and boiler and armor plates...	3,943,806	3,899,774	3,693,001	3,288,509
Tinplates and sheets	4,642,125	4,765,403	4,746,923	4,417,937
Cast and wrought	4,549,860	4,616,660	4,580,671	4,620,637
Old iron	507,161	337,995	223,422	260,672
Steel, unwrought.....	2,031,339	1,396,556	1,127,481	1,027,583
Manufactures of steel or steel and iron combined.....	942,534	580,644	402,380	404,451
Total	31,598,306	28,590,216	24,496,065	21,717,136
Hardware and cutlery	4,107,125	3,756,449	3,142,711	2,849,459
Telegraph wire, &c.....	1,042,531	1,237,893	2,509,153	773,732
Steam-engines	3,556,106	4,297,236	4,178,763	3,715,731
Other machinery	8,376,141	9,135,845	8,894,701	7,358,920
Passenger cars	} 618,149	425,900	504,052	250,221
Railway trucks, &c		667,959	781,709	787,815
Fire-arms, small.....		361,353	390,911	383,717
Grand total.....	49,621,600	48,472,851	44,898,065	37,836,731
United States currency.....	\$241,483,516	\$235,893,129	\$218,496,433	\$184,132,451

Highest price in shillings of British iron and steel products from 1830 to 1885, showing violent and frequent fluctuations.

[Compiled from Fossick's History of the British Iron Trade.]

Years.	Stafford-shire marked bars.	Welsh bars.	Scotch pig.	Years.	Stafford-shire marked bars.	Welsh bars.	Scotch pig.	Iron rails.	Steel rails.
	s.	s.	s.		s.	s.	s.	s.	s.
1830.....	145	120	100	1859.....	150	125	60	.....	.....
1831.....	125	105	90	1860.....	150	115	65	.....	.....
1832.....	120	105	90	1861.....	150	110	55	.....	.....
1833.....	150	140	85	1862.....	140	110	60	.....	.....
1834.....	158	140	85	1863.....	170	120	65	.....	.....
1835.....	158	135	95	1864.....	190	160	70	150	350
1836.....	225	220	135	1865.....	170	140	55	145	345
1837.....	215	195	80	1866.....	170	140	78	140	310
1838.....	185	175	80	1867.....	150	125	55	120	285
1839.....	195	190	95	1868.....	140	120	55	135	265
1840.....	185	175	78	1869.....	160	125	55	135	245
1841.....	175	150	62	1870.....	160	135	55	150	220
1842.....	145	120	50	1871.....	180	135	65	160	235
1843.....	130	100	58	1872.....	320	290	130	215	350
1844.....	140	110	65	1873.....	320	285	145	240	350
1845.....	240	210	110	1874.....	280	230	110	220	315
1846.....	200	180	75	1875.....	220	160	80	145	215
1847.....	186	180	75	1876.....	200	140	70	130	175
1848.....	160	150	50	1877.....	180	125	60	115	145
1849.....	160	120	55	1878.....	170	105	55	105	135
1850.....	120	105	50	1879.....	150	120	65	130	170
1851.....	120	95	45	1880.....	180	155	75	185	200
1852.....	120	150	55	1881.....	150	105	55	105	135
1853.....	220	190	100	1882.....	150	125	55	130	130
1854.....	220	170	95	1883.....	150	115	50	105	105
1855.....	180	170	90	1884.....	150	105	45	98	98
1856.....	180	170	80	1885.....	150	100	45	95	95
1857.....	180	170	80	1886.....	.....	.....	.....	.....	.....
1858.....	160	130	65						

Lowest price Staffordshire bars, 1843, 100s.
Lowest price Welsh bars, 1843, 77s. 6d.
Lowest price Scotch pig, 1843, 32s.

Mr. JONES. There are several representatives of the various branches of the iron and steel manufactures present in the room, and we should be glad to hear from some of them.

The CHAIRMAN. The committee is ready to listen to anything that you gentlemen may have to say; but we would like to hear something about iron, instead of hearing popular harangues and stump speeches.

Mr. JONES. Mr. Joseph Wharton is here, and he is very familiar with the subject of the manufacture of steel rails.

The CHAIRMAN. I always listen to Mr. Wharton with pleasure, for he usually knows what he is talking about and knows what he wants.

STATEMENT OF MR. JOSEPH WHARTON.

Mr. WHARTON said:

Mr. Chairman and gentlemen of the committee, our mission to-day is rather to protest against any tariff legislation than to go into details; and yet, on some points where it may seem necessary, we are prepared to enter, and will enter, into details. I am here to speak more particularly in relation to the manufacture of Bessemer-steel rails and of Bessemer steel generally. I want to ask attention to the effect which the proposed reduction of duty will have on the admission of steel rails from abroad to parts of our country which are now tributary to the American producers of steel rails. It seems, if we merely look at the cost of rails in England or Germany, and add to that cost the duty and the freight, that the northern markets of this country are fairly well protected, and would even be sufficiently protected by the proposed reduced duty; but it is well known to all you gentlemen that the market of the United States is a very extensive one, and that the makers of steel rails seek custom in all parts of the country. It is well known that the railroad-builders in all parts of the country seek their supplies

from the Bessemer-steel establishments of this country, which, up to this time, are confined to the northern part of the United States; and they seek for it competitively to the European manufacturers of steel rails. We find, in making sales to San Francisco or to the ports of the Gulf, that the low freight from Europe and the high freight from our mills burden us to a degree which we can barely meet under the present condition of things, and which we would not be able to meet if the balance were set a little more against us. It would take very little more to turn the scale. I have here a statement from the Lackawanna Iron and Coal Company, showing the results of a competitive bid which they have lately had to make for San Francisco. The statement is dated New York, March 2, 1886, and is to the effect that 1,500 tons of rails had been offered to one of the company's customers by the Barrow Company at £4 8 6 for shipment to San Francisco. The calculation is:

Rails, at £4 8s. 6d. per ton	\$21 36
Freight, 16s. per ton	3 88
Insurance, 1½ per cent	60
Duty	17 00
Total	42 84
American rails of precisely the same quality cost at New York, per ton	35 00
Freight	7 00
Insurance	42
Total	42 42

So that it costs \$42.42 per ton under the existing duty to lay down American steel rails at San Francisco, against \$42.84 a ton to lay down English rails there. Now, I know as a fact that \$35 a ton for steel rails on board at New York is rather an excessive price. The rate is not so high. I have no interest in the Lackawanna Iron and Coal Company, though I have interest in two other companies, the Bethlehem Company and the Cambria Company, and I know that they are not selling Bessemer steel rails under \$35 per ton at the mills, and that is barely enough to get it through. You see, therefore, that even under the existing rate of duty we have no margin whatever for our trade at San Francisco. We can barely take that trade. A reduction of even half a dollar per ton would take it away from us. In New Orleans the conditions are nearly the same.

Take the price of English rails in New York at £4 8s. 6d.	\$21 36
Freight to New Orleans	2 00
Duty	17 00
Total	40 36

The proposed reduction of the tariff to 50 per cent. ad valorem would have this effect:
Suppose the present cost in England of steel rails per ton is £4 8s. 6d.—

Equal to	\$21 36
Add duty, 50 per cent.	10 68
Freight from England to New Orleans	2 00
Total	34 04

That would reduce the price of English steel rails delivered at New Orleans to \$34.04 per ton. Now, the average rate of freight on American rails from a northern point to New Orleans is not less than \$4.50 a ton. Deduct that from the price of English rails at New Orleans and you have as the price of our rails at the mills \$29.54, which is at least \$5 below the average price.

Mr. MILLS. What makes the difference in the rate of freight from England and from New York to New Orleans so great?

Mr. WHARTON. I suppose it is practically because cotton goes from New Orleans to Liverpool, and the ships coming back take freight at less rates. The two freights shown here are in the one case from England to New Orleans, and in the other case the freight from New York or Philadelphia to New Orleans. It costs a good deal more to carry goods from Philadelphia or New York to New Orleans than it does to carry goods there from England. It may be due to the cotton vessels wanting return freight.

Mr. MILLS. Is the difference in freight on account of the monopoly in the cost trade?

Mr. WHARTON. We are not confined to freight by water, but we have rail transportation, so that we have competitive rates to New Orleans by rail or by water. I think the point must be clear that any reduction in the existing duty on steel rails will take away from the American producers a large portion of the American market. Now the

whole of the American market is not too much for the production of American steel-rail mills. American steel-rail mills are set up on a great scale. They are really huge and splendid establishments, and they undertake nothing less than to supply the whole American market; and they are able to do it. When you have an establishment gotten up on a large scale, and to do a large business, and you then pinch it down, you place it under a great disadvantage; and its productions cost comparatively more. It is not possible for mills to do a small business at the same prices as they can do a large business.

It may seem to you, perhaps, at first sight that, inasmuch as steel rails were sold last year at \$27 a ton, it is not reasonable for the mills to expect now \$35 a ton. But this rate of \$27 a ton was a killing rate. As I am interested in two establishments, I know just how the thing strikes. You have all heard of the Cambria Company? It is one of the oldest, and in some respects the greatest American steel company. I have had occasion recently to investigate the accounts of that company, as the head of a committee, and to look closely into the figures of the profit and loss account. I find that over \$98,000 had been absolutely sunk by that company in the manufacture of steel in 1885, and this was after crediting the account with about \$25,000 for house-rents. The company has four or five hundred tenement houses rented to workingmen, which bring it in about \$25,000 a year rent. And this result is without reckoning any interest on the capital invested. The company is, as some of you know, a well-managed company; and yet that is the result of last year's business. Except for the rent on its houses, the result would have shown a loss of \$120,000 on the year's business. Several of the steel companies fell into difficulties and were likely to stop. Those which have kept on, and which have continued to pay dividends, have done so out of profits which they laid by in more fortunate years. It will not do for a country that is fortunate enough to have such establishments to pinch them down to a starvation point. If this is done they can not do their work properly. If a man is lucky enough to have a good stomach or a good liver he does not pinch it down to the mere point of letting him live. It is a good thing for him to keep it vigorous. So with these manufactories. They are necessary for our interior health, and it is not good policy to pinch them. At present there is a good deal of talk in regard to the manufacture of steel for cannon, for armor-plate, &c. I think that these establishments are quite able to supply steel for these purposes, but they could not be able to do so except for their having had some years of prosperity, and for their having spent part of their economies in establishing and improving their plant.

During the four prosperous years all of those companies made money very fast. What they did with their money was, not to pay it out to their stockholders in exorbitant amounts, although one or two did make extra dividends and paid for a year or two large profits, but those profits were the accumulations of economical and well-managed years, and part of those profits went to build up and strengthen those establishments. The result of that was that they were able to keep on employing their hands and paying wages and continuing (in several cases at least) the payment of moderate dividends to their stockholders, so that they are now in a position to perform any task which the country may require of them. The result is that the country has strong manufacturing establishments, such as it needs. It needs the whole of them. They are now emerging from a period which was one of great distress, and which would have broken them down if it had kept on longer. They have now a reasonable margin of profits. That margin has been already decreased by the advance of wages. An advance of 10 per cent. in wages took effect at the Bethlehem works on the 1st of February.

We had contracts running over from last year at low prices and the wages ran on at the low rate until that date. Then prices began to rise and we immediately raised the wages of our workingmen. That had to be done or the works would have had to stop. We have to deal liberally with the people who are working for us, just as any person deals with somebody whom he lives with and has to keep on good terms with. We will not submit to dictation on the part of our workingmen. We would close our works rather than be managed by our people; because we understand much better than they can what are the necessities of the case. We are the officers of the army and have the best right to command, because we see the whole field and know what is needful. So we have given to our workingmen a fair advance. We know how hard it was for them as well as for us during the year 1885. We are now emerging from those troubles and the men are getting better wages.

But it is not possible to carry on those great establishments with a threat constantly hanging over us that the men are going to strike next week; and it is not a wholesome thing even for those parts of the country which have no such establishments and which seem to be paying tribute to those establishments to have such a threat constantly hanging over them.

It is an old story that the prices of steel rails have been extremely reduced by virtue of the tariff legislation which allowed these establishments to continue in existence as against foreign competitors. The country is reaping the benefit of it, and the country

would suffer a corresponding loss if those establishments were now extinguished. I think that that is all that I wish to say.

Mr. HEWITT. I understand you to say that the existing steel establishments have now a monopoly of the business, except in the Gulf States and in the Pacific States, under the present tariff.

Mr. WHARTON. You put words into my mouth, Mr. Hewitt, which I did not use.

Mr. HEWITT. I know that you did not use that exact language, but practically that is the meaning of what you did say, that you now have control of the steel industry in the Gulf States and the Pacific States.

Mr. WHARTON. We have that market almost entirely, but we are constantly met by bids of foreign companies, and they sometimes do get their orders in.

Mr. HEWITT. But practically you have it. Can they make steel rails in the South—that is, have they got the ability to do so in the way of natural resources, in the way of coal, ore, &c.?

Mr. WHARTON. We suppose that they have. They have not the ore in sufficient quantities to make steel rails by the Bessemer process, and they have not yet demonstrated that they have ores in sufficient quantities and of proper quality to make steel by the basic process. They require ore higher in phosphorus than the ores which they have.

Mr. HEWITT. Have you any doubt that with the ores they have got in the South they can make steel by the Bessemer process?

Mr. WHARTON. I believe they can make it, but not so cheaply as we can make Bessemer steel in the North.

Mr. HEWITT. Adding the cost of freight from New York or Philadelphia, would not the South have a monopoly of their market if they were to make steel rails?

Mr. WHARTON. I do not know that I can answer that question as sharply as you put it. That the South will, quite shortly, make its own steel rails, and will find ores fit for making them by the basic process, and perhaps also by the Bessemer process, I have no doubt.

Mr. HEWITT. You say that the reduction of the duty as proposed would prevent you selling steel rails in New Orleans and on the Pacific coast?

Mr. WHARTON. Yes, sir.

Mr. HEWITT. Could not the South (you being out of the way) make steel rails as cheaply as—according to your own figures—they can be laid down there from Great Britain?

Mr. WHARTON. That question would require me to play the part of a prophet, and I do not feel like trying to prophesy.

Mr. HEWITT. Assuming that the South has the necessary ores and can do the work as cheaply and as well as they can do it in Pennsylvania, could not the South produce steel rails as cheaply as you do?

Mr. WHARTON. If they had the ores, and the ability to work those ores as well as we do, they could produce steel rails as cheaply as we do; but they are not at that point yet, and may not be for some years.

Mr. HEWITT. Have you any doubt about their having an adequate supply of Bessemer ores at the Cranberry mine?

Mr. WHARTON. I should be unwilling from my present knowledge of the Cranberry mine to establish a great plant in the South depending upon that one mine for supply of Bessemer ores.

Mr. HEWITT. Suppose that mine did not contain sufficient ores for the Bessemer process, could not your plant be changed into the basic system?

Mr. WHARTON. It could not be changed at a slight cost. It would be a very serious thing.

Mr. HEWITT. I have seen the two systems working side by side alternately. The only change necessary was in the lining of the furnace. That is necessary in order to change works from the Bessemer process to the basic process. It is not an expensive operation.

Mr. WHARTON. That is a question of degree. Of course the change would not compare in cost with the cost of establishing entirely new plant, and generally I agree with what you wish me to state. I think I can confirm what I conceive to be your idea, that the South will develop its resources to a point where it will be able to manufacture steel rails for itself and will be able to supply the Southern market.

Mr. HEWITT. You have correctly conceived my point. So, with your competition out of the way (I mean the competition of these great Northern establishments that have been built up with high-tariff duties), and having only English competition to meet, would you not be willing to invest capital in the South in establishing steel-rail manufactures?

Mr. WHARTON. I would like to know first what competition across the water I would have to meet.

Mr. HEWITT. How could there be competition across the water when that competition does not now affect you?

Mr. WHARTON. You are looking to the future. These conditions do not now exist in the South, and it may be many years before the South will reach that point.

Mr. HEWITT. I do not know what conditions you refer to. The South has ores, and it has coal, and it has the same skill that you have.

Mr. WHARTON. There is an indisposition on the part of skilled people to go to the South. They prefer to work in the North. I think I may meet your point if I remind you that every one of these great steel rail establishments in the North has been built in a number of years. None of them has sprung up in a night, or in a year. It required, I suppose, an average of five years for the Northern establishments to get their plant and to attain ability and prosperity. The establishment at Cambria has not yet reached a condition where I consider it safe, because things are continually becoming old-fashioned; and Southern establishments would have the advantage of the improvements which have taken place in the North. But I do not conceive that any establishment can be set up now, in any part of the South, to be a competitor of our Northern mills, or of the English mills, in less than from three to five years, and I would not invest money with anybody who promised to develop the industry there in a shorter time.

Mr. HEWITT. Have there been any Bessemer works built up in the North within three years?

Mr. WHARTON. I do not know of any.

Mr. HEWITT. Has there not been a Bessemer mill built at Pittsburgh which, from the day they began to build it until the day when it produced steel rails, took only one year?

Mr. WHARTON. I cannot answer that question.

Mr. HEWITT. Has there not been a Bessemer steel mill built at Scranton within the last few years which took only one year to be out in operation?

Mr. WHARTON. I cannot answer that. Even if it were so, it would not affect the correctness of my assertion that the average time required for the establishment of Bessemer works in the North has been from three to five years.

Mr. HEWITT. Certainly; but, with the experience that we have had, would there be now any difficulty in constructing a steel mill from beginning to end, and putting it into operation within the period of twelve months?

Mr. WHARTON. I cannot answer that question better than I have done.

Mr. HEWITT. I have such an offer. The thing can be done provided the machinery exists; the money exists and the skill exists. You have solved this problem for us. You referred to the condition of labor at Bethlehem. Have you had any strike there?

Mr. WHARTON. Yes.

Mr. HEWITT. Are there any Knights of Labor there?

Mr. WHARTON. I hope not.

Mr. HEWITT. Have you had any Knights of Labor there?

Mr. WHARTON. We have had a trade organization there.

Mr. HEWITT. And you finally put your feet upon this trade organization?

Mr. WHARTON. Our feet always were down upon it. We have always tried to manage our works ourselves, and not to permit them to be managed by others.

Mr. HEWITT. Did you not finally announce that you would not employ any person belonging to a trade organization?

Mr. WHARTON. No, sir. They announced on their side that we were under orders to receive back certain persons dismissed from our works for cause. The superintendent of our works asked what would happen if these persons were not taken back, and he was told that in that case the chief of the labor organization would give orders to stop the works. That thing sounded so strange to our superintendent that he asked the representatives of this labor organization, "Do you mean to say that if I do not take back this man, who was dismissed for fighting in the works, you are going to issue an order to stop the works?" The men said yes; and then the superintendent told them that that was all that he wanted to say to them; and he immediately stopped the works himself. They telegraphed to their chief to get orders to stop working, but the works were stopped by our own will, not by others. That strike cost us \$150,000, and we would have put it through if it had cost us twice as much.

Mr. HEWITT. Then at present trade organizations are not recognized by the Bethlehem Company, and so far as you know they have no existence?

Mr. WHARTON. That they have no existence there is too much to say.

Mr. BRECKINRIDGE, of Arkansas. Do you employ members of that organization?

Mr. WHARTON. That is a question about the management of the establishment with which I am not familiar. My place of business is Philadelphia. I have no doubt that there are difficulties at Bethlehem with the members of trade organizations.

Mr. HEWITT. I do not want to embarrass you, but I merely want to get at the facts in

regard to these labor organizations. Does your establishment favor them or discredit them?

Mr. WHARTON. Our establishment at Bethlehem has no knowledge of them and no dealings with them and makes no recognition of them. We try to do justice to our people. We treat them well, but we do not recognize that there is any right on their part to dictate how we shall conduct our business.

Mr. HEWITT. You hold that it is your business, not theirs?

Mr. WHARTON. Yes, sir; we are constantly solicitous to do justice to our laborers.

Mr. HEWITT. And to make money?

Mr. WHARTON. And to make money.

Mr. HEWITT. The two things have to go together, I suppose?

Mr. WHARTON. The two things have to go together. If our men are not well enough treated in order to satisfy them, we get into trouble with our men, and if we do not make money in our business then the whole thing falls to pieces. We have to balance between those two things.

Mr. HEWITT. Would you be prepared to-day to hold a conference with labor organizations, the Knights of Labor or others, in order to determine the conditions on which your business shall be carried on?

Mr. WHARTON. I do not think that I have any right to answer that question, because I might be embarrassing the persons who are really managing the establishment at Bethlehem.

Mr. HEWITT. Did not the manager of that establishment refuse to hold conferences with the labor organizations there?

Mr. WHARTON. On this occasion that I speak of he did. He declined to receive the men as a committee.

Mr. HEWITT. Now, as to another point. The tariff of 1883 raised the duty on iron ore, did it not?

Mr. WHARTON. Yes.

Mr. HEWITT. Since 1883, up to this time, has the business been more prosperous than it was down to that time?

Mr. WHARTON. It has been much less prosperous.

Mr. HEWITT. Was the effect of raising the duty on iron ore to raise the wages of miners of iron ore?

Mr. WHARTON. I never heard that it had that effect.

Mr. HEWITT. Have not the wages of miners of iron ore been regularly reduced since 1883?

Mr. WHARTON. They have had to partake of the general reduction which everybody has been forced to partake of.

Mr. HEWITT. Then the raising of the duty on iron ore did not help them? They got no more wages in consequence of it.

Mr. WHARTON. You have to eliminate every other element when you put a question like that, and I would not undertake to say that (every other element being eliminated) the increase of the duty on iron ore did not affect the wages of labor. The fact is that the wages of miners of iron ore were not increased after the increase of the duty on iron ore, but, like the wages of other labor, were considerably reduced after the passage of that act.

Mr. HEWITT. In relation to your works at Bethlehem, have you tried very zealously and diligently to use American iron ore for the production of Bessemer steel?

Mr. WHARTON. Yes.

Mr. HEWITT. Have you been successful in finding an adequate supply of such iron ore east of the Alleghanies?

Mr. WHARTON. No, sir; we have not. We have found some supplies of ore, and are now using all grades of Bessemer ore that we can get of American production.

Mr. HEWITT. In order to use these American ores is it not necessary to mix with them ores containing less phosphorus than the American ores contain?

Mr. WHARTON. It is an absolute necessity.

Mr. HEWITT. In order to do that do you buy foreign iron ores?

Mr. WHARTON. We do.

Mr. HEWITT. If you had cheaper iron ores and more of them could you not use more American ores than you do?

Mr. WHARTON. That I doubt. We are using now, I think, about one-half foreign ores and one-half native ores, and I doubt whether we could use any more native ores than we do. In other words, we are buying the foreign ores just as the extent and condition of our business needs them. We do so not in relation to the price, but in relation to the quality of rails which we make. We are very old-maidenish at Bethlehem in regard to the quality of our rails.

Mr. HEWITT. Suppose that the price of foreign ore was put so high that none of it

could be brought into this market; could you then use as much American ores as you are now using?

Mr. WHARTON. No, sir, we could not.

Mr. HEWITT. You would have to stop some of the American iron-ore mines?

Mr. WHARTON. I do not know what we should do.

Mr. HEWITT. In other words, the duty upon iron ore might be put to such a high point that you would have to drop the use of American ores to a large extent and thus deprive people of employment.

Mr. WHARTON. I do not at present see what resort we would have.

Mr. HEWITT. Did the increase of the duty on iron ore from 20 per cent. ad valorem to 75 cents a ton cause the opening of any additional mines in this country? In fact, was it of any sort of advantage to the workingmen engaged in mining iron ores east of the Alleghanies?

Mr. WHARTON. It is extremely difficult to answer questions like that, because so many factors enter into all these movements that you can hardly separate one from another and point out the exact consequences.

Mr. HEWITT. Did the raising of that duty increase the quantity of American ores that were available?

Mr. WHARTON. I think not. We have constantly taken all the American ores that we can get fit for Bessemer use. That is a short answer to that question. We have done so habitually. We have also constantly searched for other sources of Bessemer ore and have spent a good deal of money in searches. We are beset (it would not be too much to say) every week to examine this or that bed of supposed Bessemer ore, and we have spent a great deal of money in following these invitations and trying to develop American Bessemer ores, but we have not been able, with all our desire to do so, to find any mines that will supply iron ore to keep our works in operation except by using liberally of foreign ores to mix with the native ores. That is the present condition of the eastern Bessemer steel mills.

Mr. HEWITT. I understand you to say, then, that the raising of the duty on iron ores from 10 per cent. ad valorem to 75 cents a ton did not add to the quantity of American ores used, and I also understand you to say that it did not add certainly to the wages of labor. What good is there, therefore, in retaining that high duty when it does not do any good to the laborer or to the manufacturer, and only increases the cost to the consumer?

Mr. WHARTON. I remind you that I declined to say that those results were the consequence of the increased duty.

Mr. HEWITT. But those have been the results, have they not?

Mr. WHARTON. Yes; but you know the difference between *post hoc* and *propter hoc* as well as I do, and I am not prepared to say that these results followed from that increase of duty. The facts I have stated are that the wages of miners of iron ores have not been increased, and that the quantity of Bessemer ores raised in the United States has not been increased.

Mr. HEWITT. Do you think yourself (because you are an expert in this business, and I would like to have your judgment upon it) that this duty of 75 cents a ton on iron ore does encourage the production of American ores? Does it add to the production of American ores or add to the wages of the miners?

Mr. WHARTON. Yes; I think it does, in this way: The mines of Bessemer ore that are east of the Alleghanies are insufficient, and there is a strong inducement to search for and open new mines of Bessemer ore, caused by this duty of 75 per cent. on foreign ores. There is so much bounty or advantage in it as to stimulate search for American Bessemer ores, and I should think it is to our advantage to have this search for American Bessemer ores continued. I opposed (as some of you may recollect) the increase of duty on iron ores, but good faith requires that we should give miners of American ores the same protection that we have ourselves. It is to the interest of the consumers of American ores to offer inducements to search for the kind of ores which they require.

Mr. HEWITT. That inducement would be offered to the owners of the mines, not to the workmen.

Mr. WHARTON. A prosperous employer can afford to give better wages to his workmen.

Mr. HEWITT. Do you know the freight on this ore that is brought from abroad?

Mr. WHARTON. There are various rates of freight, depending upon the various places from which the ore is brought.

Mr. HEWITT. Take the lowest freight on the ores brought from the Mediterranean, where the great bulk of the ores comes from. Are you able to say what the freight is?

Mr. WHARTON. I am ashamed to say that I cannot answer that question.

Mr. HEWITT. Then I can say that 10 shillings per ton is the lowest rate.

Mr. WHARTON. My impression is that it runs from 10 shillings to 15 shillings a ton.

Mr. HEWITT. I have seen no bills of lading under 10 shillings a ton for iron ore. Do

you know any American ores that you are using which cost for the labor of mining 10 shillings, or \$2.50 per ton?

Mr. WHARTON. Yes, I think so.

Mr. HEWITT. Be good enough to particularize those ores which cost as much as \$2.50 a ton for the labor of mining.

Mr. WHARTON. I should think that the ore taken out at Turkey Hill would cost as much as that. My own experience of hard ore in New Jersey would lead me to think that the cost of getting that Turkey Hill ore would not be less than \$2.50 a ton.

Mr. HEWITT. I think that perhaps it would be as much as \$2.50 a ton at that particular place. It is probably a large estimate, but I am willing to take it. Suppose, however, it was as much as \$3 a ton. Now, can there be any competition between the labor employed in producing foreign ore and the labor employed in producing American ore, when the freight alone on the foreign ore is sufficient to cover the entire cost of mining it here.

Mr. WHARTON. I think you leave out of view the fact that these American mines are not situated by the side of the furnaces, and that freight has to be paid from the mines to the furnaces.

Mr. HEWITT. But it costs no more for freight from Turkey Hill to Bethlehem than it does from New York to Bethlehem.

Mr. WHARTON. No, sir.

Mr. HEWITT. On the contrary, it costs a little less. You certainly get freight from New Jersey and Pennsylvania to Bethlehem at as low rate as you can get it from New York. However, the simple proposition is this: On the one hand you have a freight of \$2.50 a ton on foreign ores to New York, and on the other hand you have \$2.50 a ton as the cost of mining American ore. Can there be, in that case, any possible competition between foreign labor and American labor in the matter of iron ore?

Mr. WHARTON. I think I have answered that question. I consider it good policy to offer an inducement for the development of American iron ores.

Mr. HEWITT. That is, good policy from your point of view?

Mr. WHARTON. And also from the point of view of the interest of the workmen.

Mr. HEWITT. I am for the workingmen all the time, and I am trying to find out where his interest comes in. Would you be willing to tell us as to the profits of the Cambria, or of the Bethlehem Company, for the four prosperous years that you have spoken of? I do not ask you the question, but simply ask you whether you are willing to tell us?

Mr. WHARTON. I do not think it fair to my colleagues to answer questions of that kind, for the reason that a statement of that sort would be certainly used as a text to injure the persons for whom I speak.

Mr. HEWITT. I agree with you, and I think you are perfectly justified in declining to answer it. But when it is alleged that there have been losses in some years in the operation of these establishments, it is very natural for the committee to wish to know the profits in other years. That is the reason why I asked the question.

Mr. WHARTON. I remarked that the profits had been very large during three or four years; but altered conditions of trade have brought the prices of steel rails to a point where profits have vanished, and where losses have occurred, and it was to illustrate that point that I made the remark that under the conditions which are just now passing away losses have occurred, and, without going back to the time when we all know these works made money rapidly, looking at the question as a question of to-day, we say that to-day we are on a very narrow margin.

Mr. HEWITT. As you went down to that low margin wages were steadily decreased, were they not?

Mr. WHARTON. They were.

Mr. HEWITT. And when you made these excessive profits were wages put up in proportion? In other words, when you reduced wages with the reduction of prices, did you increase wages ratably with the improvement in prices? Were the men permitted to share in a proportion of the profits?

Mr. WHARTON. They were not; and you, as an employer of labor, know that they could not be.

Mr. HEWITT. I know it, because the question of wages is determined by the principle of demand and supply. I know that wages went down with the fall in prices, simply because it was necessary, and because your industry could not live without a reduction of wages. But when the thing was reversed and prices of steel rails went up, and profits became enormously large, the workmen were not able to get their share, because there were too many of them. How many Bessemer steel works are there in this country?

Mr. WHARTON. I think there are about twenty working now.

Mr. HEWITT. Are there as many as twenty at work?

Mr. REED. I wish Mr. Hewitt would allow the witness to answer questions fully. I

conceive very well that Mr. Wharton can answer your questions, but you answer them yourself, and then you pass on to another subject, which naturally engages his attention, and he leaves other questions that have been put to him unanswered.

Mr. HEWITT. I have not been trained as a lawyer.

Mr. REED. But you have been trained in a school of casuistry which beats any lawyer. I wish Mr. Wharton to be allowed to answer questions in his own way, because I want to get at the truth in this matter.

Mr. HEWITT. And so do I.

Mr. WHARTON. You asked me whether we had paid wages ratably to our workmen at the time when profits were abnormally large, and I was going on to say we had not.

Mr. HEWITT. You said you had not.

Mr. WHARTON. You did not allow me to finish my answer. The reason why we did not is perfectly obvious, but it is not the reason that you intimate, that the workmen are many and the employers are few. You all recollect the anecdote told about one of the Rothschilds who was waylaid in the streets of Paris by some communists. They said that he was rolling in wealth, and that they were poor, and that he must divide his wealth with them. He was in their power and he could not escape, so he asked them how much they supposed he was worth. They said so many millions—sixty million francs. He then asked them how many people there were in France. They said about forty millions. He then summed up and divided his supposed wealth by forty millions and told them that that made each of their shares one franc and a half, and he handed that sum to each of them. So the amount of reward that can come to laborers when things are prosperous seems to a laborer, as to a person looking at it from the laborer's point of view, unreasonably small. The laborer sees his employer building a new house, or buying a nice team of horses, and thinks it strange that he himself can only get such a small advance in wages in comparison with the employer. That condition of things is necessary for the reason which you have stated. But there is also another reason for it, and that reason is that the employer has to stand the brunt of the business. When times grow bad, and when no one gets anything whatever from the business, the employer loses the profits he had already made and part of his capital, while the workmen have no such risk. The laborer cannot be starved. He must have enough to live upon, and he always gets that. When times are good a laborer gets two or three times as much as he needs to live upon, and if he is wise, he lays aside some of it for a rainy day. All the arguments that go to show that the workmen ought to get a proportion of the profits of the employer are perfectly fallacious for this reason, that the employer has the risk of getting nothing at all in bad times, and of losing whatever he has; and public policy also requires this distinction to be observed, because it is necessary that the large employers of labor shall be permanent and shall not be wiped out in bad times.

Mr. HEWITT. I agree with all that you say as to the necessity of accumulating this safety fund for the benefit of all classes. I do not disagree with you at all in that. This was the point of my question. Your theory seems to be that by legislation we can do something to produce those other desirable results which you desire, while I tried to show by my questions that the wages of labor depended upon the principle of demand and supply.

Mr. WHARTON. And upon the power of both sides to maintain themselves.

Mr. HEWITT. I had asked you some questions previously about labor organizations, and it was with a view of bringing out the fact that labor organizations are absolutely necessary for the workmen in order to enable them to get a fair share of the profits of their industry. That was the real point of the question which I was coming to—and not to show that enterprise, care, and prudence ought not to be rewarded. I want to judge of the necessity on the part of workmen to have these organizations in order to enable them to get what they regard as a reasonable share of the profits of business.

Mr. WHARTON. These are your own views, and I suppose it is meet that I should express mine. My views are that labor organizations are not necessary when employers are just.

Mr. HEWITT. But how are laborers to get justice when the employers are unjust?

Mr. WHARTON. Then, perhaps, they might have to combine in this manner. But the necessity which the laborers suppose they are under to defend themselves against capital is a bad legacy from England, where they are oppressed to a point of degradation and starvation. They have found there that nothing but arms in their hands will defend them against the extortions of capital which are put upon them in order that Englishmen may defeat all other men in the industrial battle of the world. The English employers impose those conditions upon their men, and are driven to the point of becoming the enemies of their own workmen. The workmen, on the other hand, have found by hard experience that they must act as enemies of their employers. When

these men come to this country they come with their hearts full of bitterness against capital. They cannot believe that they are coming into a different atmosphere, and that they are going to be treated in a more manly and dignified manner. Therefore these men are always ready to become the prey of professional agitators, and this business of labor organizations in this country is, in my opinion, an abnormal evil derived from the vices of Great Britain.

Mr. HEWITT. Your theory is that English capitalists are always unjust to the workmen and that American capitalists are always just to them?

Mr. WHARTON. That may be your conception of my theory; but I said nothing of the kind. I know instances in England where employers have taken the greatest pains to live on good terms with their people. Some of the best examples of that kind have been in England; but the majority of English capitalists are not of that character. The fact that these few men shine so in the community of English employers is the best proof that they are the exception and not the rule.

Mr. HEWITT. Do these good men pay any better wages to their workmen than the others pay who are not so good?

Mr. WHARTON. I suppose they do.

Mr. HEWITT. I am sorry to say they do not.

Mr. WHARTON. I am under the impression that they give more wages. I know that I have heard details lately as to the wages which English employers pay to their workmen. I have been struck by the letters written by Mr. Porter and published in the Philadelphia Press, which show that in the rates of wages paid in the same town and for the same sort of service there is found to be a great diversity.

Mr. HEWITT. That depends, I suppose, upon the efficiency of the labor; but I do not want to discuss Mr. Porter's letters.

Mr. KELLEY. I think that in England, in addition to the better wages that are paid directly, there are cases in which the employer sees to it that his workmen have homes with something more than the antiquated English cottage comforts. I have been at Saltaire, where Sir Titus Salt has built one of the most beautiful villages in the world, and there his working people live in princely contrast to the working people on the estate of Lord Dudley. When I was there in 1879 they informed me that while the wages of the girls and of the women had just been reduced, it had also been announced that Lord Dudley had paid what we would call \$500,000 to rehabilitate a church on his ancestral place, and I remember a good mother, nine of whose sons and daughters and sons-in-law and daughters-in-law and grandchildren slept in the same room with her and her husband, who said that she thought they ought to have the credit of giving the hundred thousand pounds to rehabilitate this church; and it struck me that it was so—while the working people of Saltaire had not the same advances to make. I wished to make the observation while Mr. Wharton was still presenting his views to the committee.

Mr. HEWITT (to Mr. WHARTON). Are there any combinations among the manufacturers of steel and iron in this country? Have they any association between themselves?

Mr. WHARTON. They have no trade association; they have an association in the ownership of patents.

Mr. HEWITT. Is that not a trade association?

Mr. WHARTON. It is not.

Mr. HEWITT. How did the recent advance in the price of steel rails come about?

Mr. WHARTON. It was made by the Bessemer steel rail makers. When you spoke of an association I understood that you were aiming to get at the question whether there was a combination among the steel-rail manufacturers in regard to making prices.

Mr. HEWITT. I mean any combination for trade purposes. Have they any association for directing trade questions at all—any kind of trade questions?

Mr. WHARTON. The association that owns the Bessemer patents had a meeting at Long Branch, in the course of which meeting it was perceived that the whole industry was rushing to chaos and ruin, and they agreed among themselves (as something quite outside of their functions; but because as business men they were able to do it) not to make during the coming year a quantity of rails that would be obviously in excess of the national wants. That was a single act which they did, quite outside of the powers of the association—just as if you and three or four of your neighbors should join together to build water-works or to do anything else. You could not call yourselves, because you lived in the same neighborhood, a trade association.

Mr. HEWITT. Suppose the workmen should get together in a body, or through their delegations, and resolve not to do particular classes of work at less than certain given prices—do you think that there would be any objection in principle to that?

Mr. WHARTON. That is a broad and leading question, to which I cannot answer yes or no. I can imagine cases where it might be quite proper for workmen to do that, where they had a hard, rigid, and brutal master, from whom they could not get justice

in any other way. If I had a hard, rigid, and brutal master I would join with other workmen and take some such course.

Mr. HEWITT. Would you see anything wrong in any given set of workmen getting together and saying that they were not satisfied with the rates which they received, and that they would not go to work unless they got better wages? Would there be anything wrong in that?

Mr. WHARTON. It is hard to answer that question by yes or no. In some cases it would be unjust and even wicked for workmen to do that. If they have been treated well, and are getting all that their work is worth, it would be wrong for them to attempt to dictate to their employer. It would be an act of mutiny, just like that of sailors boring holes in the bottom of a ship.

Mr. HEWITT. Suppose that I, as a buyer, should come with other buyers and say that we objected to your putting up the prices of steel rails; that it is very unreasonable for you to do it. You would turn round and say, "We have a perfect right to do it." But is there any less right on the part of workmen to do the same thing? The question of treatment is one of which every man must be the judge himself. I, as a buyer, may think that you act very badly in putting up the prices of steel rails.

Mr. WHARTON. I have to remind you that I am not prepared to lay down an absolute rule for or against either of those things. Every case has to stand upon its own merits. For example, I am determined not to be ruled by our workmen, and would rather stop the works and abandon the industry than be under the orders of the persons who should be under my orders. And yet I acknowledge that there are cases in which I myself would try to get justice from my employer. But, when you ask broad questions which lead all over creation, and want an answer of yes or no, I cannot answer them.

Mr. HEWITT. Did you think you were getting money enough for steel rails when the price was \$27 a ton?

Mr. WHARTON. No, sir; we were not.

Mr. HEWITT. And the object of the meeting at Long Branch was to get more money out of the business?

Mr. WHARTON. Yes; I might say so.

Mr. HEWITT. That was lawful, was it not?

Mr. WHARTON. Of course it was lawful.

Mr. HEWITT. And why is it less lawful for the workmen to get together and say that they were not being paid enough?

Mr. WHARTON. I do not say that that was unlawful for them; but I say that in many cases it would be atrocious for them to do that thing, and in this country it would be entirely unjust for them to do it. But I do not want to be led into the concession that because in some particular instance there may be justice and right in men combining against tyrannical employers, therefore all labor organizations are right, and that all labor organizations ought to be masters of the capitalists and crack the whip over their employers.

Mr. HEWITT. And correlatively, I suppose, you would not claim that all associations of employers should be allowed to crack the whip over their workmen.

Mr. WHARTON. That I acknowledged long ago. But what I say is (and I emphasize it) that I will not be drawn into any admission, by any leading questions, of the principle that it is always and habitually right for workingmen to combine against their employers, and to embarrass and defeat and thwart the men by whose skill, capital, and industry they are getting the means of keeping themselves and their families alive. As a general thing it is not good to set a pyramid on its apex.

Mr. HEWITT. You think that the employers are the benefactors of the workingmen?

Mr. WHARTON. I have not said anything of the kind.

Mr. HEWITT. I understood you to say that the object of employers was to find work for the laborers?

Mr. WHARTON. I have not said that.

Mr. HEWITT. Suppose the workingmen were to take the view that it is they who have built these great establishments?

Mr. WHARTON. My course in life has been to promote harmony and fair dealing and good understanding between employers and workmen; and your course has been usually exactly the reverse. All your remarks to-day seem to be leading to the point that there is an irreconcilable battle and conflict of interest between employers and workingmen, and that it is the right of the working people, and commendable in them, to embarrass their employers.

Mr. HEWITT. On the contrary, I have always preached and acted upon the opposite doctrine.

Mr. REED. The difference now is that Mr. Hewitt is not Mr. Hewitt the manufacturer, but Mr. Hewitt the politician.

Mr. HEWITT to Mr. Wharton. Have any of the companies in which you are interested bought any foreign pig-iron last year?

Mr. WHARTON. Yes.

Mr. HEWITT. The Bethlehem Company, I suppose, has bought some?

Mr. WHARTON. Yes, sir.

Mr. HEWITT. Did you have all your furnaces in blast when you did that?

Mr. WHARTON. All except two that were not in order.

Mr. HEWITT. Would there have been any difficulty in your obtaining sufficient American iron ore to put all your furnaces in blast and save the purchase of foreign iron ore?

Mr. WHARTON. They were put in order as soon as they could be put in order; but in a concern that has eight or nine furnaces, as we have, you know very well that a certain part of them must be always out of blast. If you have eight furnaces running the probability is that about one-half of them will be always out of blast—certainly as many as one, and perhaps two, simply because it requires so much time to repair them. At Bethlehem we have had furnaces out of blast because they were out of order. If such a thing were conceivable as that all the furnaces were in order and doing the best they could they would not have produced pig-iron enough for us. We are constantly buying pig-iron, and we buy very largely of American pig-iron; but we find it necessary also to buy Bessemer pig-iron abroad.

I apologize to the committee for the length of time that I have taken on the stand, but I ask Mr. Hewitt and the other gentlemen of the committee whether it is expedient and fair to other gentlemen who wish to address the committee for me to take up so much of the time of the committee?

Mr. BRECKINRIDGE. Are the men who are employed in the Bessemer steel works employed upon a scale of prices agreed upon by all the works?

Mr. WHARTON. No, sir; every establishment makes its own arrangements.

Mr. BRECKINRIDGE. You spoke of the low wages prevailing in England, and of the hostility between capital and labor on that ground, there being almost a state of war produced by the fact that the English capitalists oppress their workmen and reduce wages. Do English capitalists, as a general thing, in the industry with which you are familiar, reduce the wages of their workmen below the point reached in France and Germany?

Mr. WHARTON. I am not able to give a sharp answer to that. I have frequently looked over the tables of prices in different countries, and the general impression which I have drawn from them is that in one industry, or branch of industry, the wages in one country may be lower than they are in another, and *vice versa*. In a general way, I suppose that the workmen in the iron and steel industries on the Continent are, if anything, underpaid, as compared with the like workmen in England. I think that the English workmen in the iron and steel industry get rather better wages than they get on the Continent—except in some instances. I know something about Krupp's establishment in Essen in Germany, because Mr. Krupp, when he visits this country, sometimes stops at my house. As Mr. Kelley mentioned a few minutes ago, there are other ways of improving the interests of the workmen besides increasing their wages. I can see plainly that an establishment which pays neither more nor less money wages than any other establishment can keep its people in better contentment than another employer can who hands out to his workmen so much money as wages, just as a man would hand out oats for his horse. The workmen at Krupp's establishment get a good deal of money's worth gratuitously, in addition to the direct money wages which they receive. I think that Mr. Hewitt may be able to answer your question better than I am able.

Mr. BRECKINRIDGE. Yes; but we have other opportunities of getting at Mr. Hewitt's knowledge of the subject. Then I understand from you that your belief is that the English workmen are better paid than the workmen on the Continent?

Mr. WHARTON. I think that in most cases they get more money wages.

Mr. BRECKINRIDGE. I believe that articles of consumption are admitted free into England which are taxed in continental countries. Therefore, when we take into consideration the increased cheapness of the necessities of life in England, we find that the workmen of England are, in the material sense, in a very much better condition than the working people of the Continent. Is there the same state of dissension existing among working people on the Continent that you speak of as existing in England?

Mr. WHARTON. It depends upon the locality. This establishment of Krupp's is a place where great harmony exists. I speak of Essen, the great cannon and steel works where from 30,000 to 35,000 people are employed.

As a matter of fact, the English employers in the iron and steel business and the English working people in the iron and steel business are suffering great injury at present from the introduction of continental iron and steel into England. England as a free-trade country does not charge any duty on iron or steel products, and her own people are losing employment, and her capitalists are losing the interest on their investments, simply because England is too proud to acknowledge her error in that respect.

Mr. KELLEY. Regarding you as a representative Pennsylvanian, and annoyed as I have been for the last two or three days by questions as to whether it be true that the business men of Pennsylvania—the manufacturers—are anxious to establish the principle of the free importation of steamers without paying duty, and to give to foreign steamers an American register which will put them into the coastwise trade as well as into the foreign trade, I wish to ask you whether you have heard of any such demand among the business people of Pennsylvania?

Mr. WHARTON. The business people of Pennsylvania have been kept in strange ignorance of what has been going on in that respect. They have been kept from the knowledge that an attempt has been made to get American registers for foreign-built ships within the last month or six weeks. I have found very few people among the business people of Pennsylvania who have any knowledge of it. The newspapers of Philadelphia have been strangely silent on the subject. I have spoken to one or two newspaper men in Philadelphia about it, and I have found that there is no disposition on the part of newspapers to say anything about it. This is one of the most remarkable little occurrences that I can recollect—that so important a movement as this, which seems to be a direct blow at the whole system of the protection of American industry, should be carried forward in such a very insidious form.

I have not a doubt that (I was going to say ninety-nine-one hundredths—but certainly) a very large majority of the people of Pennsylvania whom I associate with would be unalterably opposed to the admission of foreign ships to American register; but they have not expressed themselves on the subject for the simple reason that they were kept in ignorance of it.

Mr. KELLEY. I desired to have at the back of my own judgment that of a practical and representative business man like you that there is no demand in Pennsylvania for this thing except it might be from the representatives of a Belgian corporation or co-partnership.

Mr. WHARTON. I would like to say one word before I take my seat. I believe that the world is growing better. I believe that the views which I have been expressing to you, Mr. Chairman, and to other gentlemen of this committee, for a number of years are gradually working out Westward and Southward; and I look upon you, Mr. Chairman, rather as an undeveloped protectionist than anything else.

Mr. REED. That is going to the germ—to the egg.

Mr. WHARTON. I know Mr. Morrison to be a man of good temper and good sense, and I always expect that a man of that kind will ultimately come to my way of thinking. But the fact is, that the views which we of Pennsylvania are supposed to have a monopoly of have made a wonderful advance Westward, and are making a like advance Southward. The industry of making iron and steel, which is springing up in the South, carries these ideas with it, as well as other ideas of civilization, inevitably, and it is quite certain, to my mind, that the wave of iron making which is now passing down the Alleghanies, through Virginia, Alabama, Tennessee, and North Carolina, is receiving an impulse which will make itself felt here; and none of those States will be content to have their interests kept down. I have no doubt that in those regions of the South which have taken up the business of iron-making we shall have our strongest allies before long.

Mr. REED. I desire to ask you one question that is suggested by a series of questions which Mr. Hewitt asked you. There are not yet any Bessemer works in the South, are there?

Mr. WHARTON. No, sir; none have been established yet.

Mr. JONES suggested that there were some works in West Virginia.

Mr. WHARTON. I do not consider West Virginia in the South; and the steel establishments there are merely for making nail plate.

Mr. JONES suggested that there was one in Missouri.

Mr. WHARTON. I do not look upon Missouri either as a Southern State.

Mr. REED. If Bessemer steel works have not yet been established there, under the duty of \$17 a ton, would it be likely that any would be established under the duty of \$12.50 a ton?

Mr. WHARTON. Certainly not. The inducement to establish them would be diminished to that extent.

The CHAIRMAN. I want to say in regard to your hopefulness of me that you must be a very hopeful man if you think I am an undeveloped protectionist.

Mr. MCKINLEY. You are certainly not a developed protectionist.

The CHAIRMAN. But I, like you, believe in the general betterment of things. The gentleman who read us this declamation awhile ago told us of the deplorable condition of the English working people, and possibly he gave us a true picture of it. Will you be kind enough to tell us whether the condition of the English working people has improved, and whether the rates of wages in England have increased since the time when what people call free trade was established there? Has the condition of the working

people in England improved since; do they get more wages than they did before, and has the general prospect improved?

Mr. WHARTON. I think I shall have to dissect that question a little. The English people are not exclusively composed of persons engaged in manufactures. They are also an agricultural people, as are the people of every other country.

The CHAIRMAN. My question applies to persons employed in manufactures alone.

Mr. WHARTON. The persons engaged in manufactures alone in England constituted a very small proportion of the English people before the corn laws were passed. England, as we read in all old accounts, was a very happy and delightful country to live in, especially for its peasantry. But when England undertook the enterprise of subjugating the world to her trade policy she began a career which degraded her people, and there has been nothing but warfare ever since she forced her people to fight that battle for her—very much as galley slaves of old were forced to propel the fighting vessels of those days. So the workmen of England have been forced to do the brutal work which was to give trade supremacy to England, and I believe that the whole thing has resulted in the degradation of the English people.

The CHAIRMAN. You have gone a long way around, and have not answered my question yet.

Mr. WHARTON. Well, I will try to do it.

The CHAIRMAN. The question is whether the working people of England get more wages at the present day than they did before they had what is called free trade.

Mr. WHARTON. I have been represented to the committee as an expert by my friend Mr. Kelley, but really I am not expert enough to answer your question. My impression is, however, that if you go back to "Tooke's Prices," the earliest publication that shows the range of prices in England, you will find that the prices of everything, including the price of labor, were much lower half a century ago than they are now. But we find fluctuation in prices as in everything else, and I am not able to say whether free trade in England has caused prices or wages to go up or down.

The CHAIRMAN. Then you do not know whether the workmen in England get better wages now than they did in 1844, or in the years before that time?

Mr. WHARTON. Unfortunately, I am not able to answer your question, and if I should make any answer except from absolute knowledge it would not be respectful to this committee. I have a paper here which shows the magnitude of the operations of these steel companies. Eleven of them in the year 1885 converted iron into steel to the amount of 1,415,662 tons, and in the year 1884 to the amount of 1,402,652 tons. That shows the magnitude of these splendid industrial establishments which I stand here to represent.

Mr. JONES. I think that Mr. Wharton confined his statement to the East and to the seaboard, not referring to the iron and steel industries in the great West. I understand that this committee has granted a hearing to the miners' board, and has also granted a hearing to those representing labor. I would, therefore, like to call upon Mr. James Emerson, of Beaver Falls, who is a consumer of steel, to state his views to the committee.

Mr. WHARTON. One word in reference to a remark of Mr. Jones as to the different position occupied by the Western consumers of iron ore and the Eastern consumers of iron ore. I wish to say that the Eastern Bessemer steel manufacturers are handicapped by the great freight charges to be paid for ore from Western mines, and that the reason why the Eastern manufacturers ask to have the duty removed from foreign ore was simply in the nature of a protest against being handicapped.

Mr. BRECKINRIDGE, of Kentucky. What do you mean by that?

• Mr. WHARTON. I understood Mr. Jones to draw a distinction between Eastern consumers of iron ore and Western consumers of iron ore, and I say that the reason why we in the East have objected to the duty on iron ore embraced in the last tariff was that it was handicapping us. The Western manufacturers of steel have their supplies of iron ore from Lake Superior, and can have it at a moderate freight, whereas we are compelled to get a large part of our supply of iron ore from across the water, and the duty and freight have the effect of handicapping us as against the Western producers of steel.

STATEMENT OF MR. J. E. EMERSON.

Mr. J. E. EMERSON, of Beaver Falls, Pa., saw manufacturer, next addressed the committee. He said:

Mr. Chairman and Gentlemen: Our practical business requires the use of the highest qualities of steel. The steel which we use ranges in the market from \$60 to \$400 and \$500 a ton. Ten years ago all the steel plates that were used by saw manufacturers were manufactured in England. It is said to be a very difficult process to produce the circular plate for saw manufacturing purposes with the requisite perfection. Only two

establishments in Europe, I believe, have ever succeeded in manufacturing big plates successfully, and I think that only one establishment in the United States has done so. Most of you will probably recollect that in 1875 there was an effort made by the foreign manufacturers of steel plates and by importers of steel plates to get a reduction of the duties on the higher grades of steel, and I refer specially to the high grade of steel which I use. I was then a saw manufacturer. I believe that every single saw manufacturer in the United States favored a reduction of the duties on steel plates. I was invited at that time to visit Washington in the interest of the importers of steel plates and of the foreign manufacturers of steel plates, and I was promised by letter (which I have at home), written by one of the importers, that whatever reduction was made in the duties on steel plates should be deducted from my purchasing price. I had learned then, as I know now, that the principal objection to a high protective tariff was made by the consumers and by those who advocate a low tariff in the interest of the consumers; that is, that the consumers indirectly pay the difference between the price of the goods where they are manufactured and the duties imposed upon them. I conceive that that would be true to a certain extent and not be true to a certain extent. If the productions of manufacturers in one country are always competing with the productions of manufacturers of the same article in another country, that would be true; but that is not the case.

The American manufacturer is not competing directly with the legitimate pursuits of the foreign manufacturer. Take, for illustration, the article of crockery. Crockery manufacturers of the West cannot make sales of their goods in New York for the reason that the overflow goods which accumulate in the storehouses of the European manufacturers are pushed on the New York market, and are often sold at less than the cost of their manufacture; so that the American manufacturer cannot come in competition with these forced sales. The same is the case in the matter of steel. The best market for the manufacturer is the home market, where he sells at home. If he takes the risk of shipping into a foreign country the chance is that his profits will be much less, for he has to compete with the manufacturers of that country in the same kind of goods. I mention this to show the position which I took in regard to the proposed reduction of duties on steel plates. The position that I took was that if he wished to reduce the prices of any articles that can be successfully manufactured in the United States, the proper way was to encourage the American manufacturer, and thus produce a home competition, and I have lived to see that I was right in that view of the matter. I am to-day purchasing for my business nothing but American manufactured steel plates, whereas in 1875 I was using almost exclusively English manufactured steel plates which were shipped here, and duties paid on them at the rate of 3 cents a pound, and 10 per cent. ad valorem.

I was in Sheffield in 1869, and when I came over there was on board of the same ship an agent from several of the manufacturers of England, who informed me that he was coming here in order to secure free trade. We laughed about it several times, and I told him that he would not succeed, that we were not Englishmen, but were Americans, and that we believed in protection. This gentleman went to New England, and secured the co-operation of a paper published in the city of Boston (right in the center of protection), and this paper was sent to me free and marked for six months. In some way they secured the statements of many users of steel, discrediting the steel manufactured in America. Many of them said that they had tried it, and that it was inferior. But I have now lived to see the day when the American manufactures of all kinds of steel (with the exception possibly of a few special grades of steel, like those used for dentists' and physicians' instruments, and for drills and dies) are exclusively used in this country. We have succeeded in manufacturing and producing every kind of bar steel equal to any that is made abroad, and in many instances superior to the foreign article. Only a few weeks ago I was at the Star Works at Chattanooga, and I asked them what plates they were using. They told me they were using Pittsburgh plates, made by such a firm. I asked them whether they could not procure them cheaper at the South. They said that they could, but that as good plates were not made at the South as they got at Pittsburgh. Now, what has led to this great improvement of the industry in this country? It has been caused by the protection granted under our tariff on American steel manufactures.

I spoke a while ago of the competition which American manufacturers are sometimes compelled to undergo in the case of forced sales or undersales. Take Canada, for instance. In Canada I think that all the plate-steel used for making saws is admitted duty free from England. You all know that Canada is a large lumber country, and there are a great many saw-mills there. I have always sustained a trade in Canada, and I confess that I have oftentimes sold my saws there at less profit than I have sold them in America. And why? Because I had a surplus, an overflow on hand, and I wanted to get rid of it, just as the manufacturers of Europe send their surplus to this country and sell it at lower prices than the cost of production sometimes. In Canada the price of labor

averages about 33 per cent. less than the price of labor in the United States. They have large saw-works there where they manufacture saws, and they can import the steel-plate from England free of duty into Canada—the same plates on which we pay a duty of 3 cents a pound and 10 per cent. ad valorem. Canada did have a duty, which they charged us, of 15 per cent. on steel plates, but the manufacturers thought that did not protect the Canadian manufacturers, and the duty was raised to 30 per cent. And what has been the result? We are selling plates to Canada to-day. And why? Because the protection which we have has resulted in the encouragement of manufactures of all kinds, so that we are not only competing with foreign producers but we are excelling them in the superiority of our saws. They are made of American manufactured steel. And how came we to have American manufactured steel? Because we encouraged American competition and American skill, and we are making better plates to-day in Pittsburgh than they are making in England or than they can make in England.

Now, it is asked that the duties on steel plates be reduced, and why? Who asks it? Not the user of steel? I never made a pound of steel, but I use steel, and it is for my interest to buy steel as cheaply as I can. But my interests go a little beyond the present, and I believe that my interests are advanced by encouraging American manufacturers. I am paying from \$80 to \$150 a ton for steel plates less than I was paying some years ago for the same quality of steel plates, and the steel plates that I buy are of American manufacture. A few years ago when an effort was being made to reduce the duty on English steel plates used by American saw manufacturers those plates were selling at \$20, \$40, and \$60 a ton more than the American plates were selling for in consequence of the high reputation of English steel plates. But to-day some of the saw manufacturers are advertising that their saws are made of American steel. Within the last two or three years I have had orders for saws coupled with the condition that they should be made of English steel, and I refused to fill the orders, and in that way I lost several orders. I claim that my warrant of the quality of the saws which I produce is sufficient. I believe in protecting the American manufacturers.

Some of the committee may ask me whether I would like to have the duties taken off saws. I would say no. I would oppose it, not that I am particularly bound to a protective tariff, but because we have succeeded in this country in educating labor and producing skill superior to anything of the kind in England. I get orders for our saws even from New Zealand. A short time ago I had quite a large order for saws to be shipped right through England to New Zealand, some 15,000 miles; and that is all because we have educated our labor to the utmost skillfulness in this business. We are sending our saws into Canada, and paying 30 per cent. duty on them, although there are large establishments there; but we have greater skill and can make them better and cheaper than they can be made in Canada.

I do not know that I can say anything more on this subject. All other iron and steel interests have been well represented here. All that I proposed to talk about was the interest in which I myself am connected. I am ready to answer any questions on that particular subject which the committee may desire to ask me.

Mr. BRECKINRIDGE, of Arkansas. You say that you sell your saws successfully in Canada?

Mr. EMERSON. Yes; not in large quantities. We pay 30 per cent. duty on them.

Mr. BRECKINRIDGE, of Arkansas. And you sell them there at a profit?

Mr. EMERSON. Yes, sir; we have a profit on them or we would not sell them.

Mr. BRECKINRIDGE, of Arkansas. At how much less per cent. do you sell your saws in Canada than you sell the same saws in the United States?

Mr. EMERSON. I cannot answer that question directly, but the saws that we sell there are of a certain class, large circular saws, on which there are larger profits than there are on the average saws. I think that we would discount them in Canada 15 per cent. less on the average than we would sell them for in the United States. The Canadians have found that we manufacture a better saw than they do, and they are willing to pay more for it. The Canadians pay part of this duty, not by special arrangement, but in the prices which they pay for our saws.

Mr. BRECKINRIDGE, of Arkansas. Then you get about 15 per cent. less for your saws in Canada than you get for them in the United States?

Mr. EMERSON. Yes.

Mr. KELLEY. You mean on that particular kind of saw?

Mr. EMERSON. Yes, on that which we have the largest trade in. We do not make hand-saws at all; but hand-saws are made by Disston & Co., Philadelphia, and find a market even in England.

Mr. BRECKINRIDGE, of Arkansas. You have mentioned that a proposition was made to you that a reduction of the duty on steel plates should be followed by a reduction in the prices charged to you?

Mr. EMERSON. Yes; the proposition was that whatever reduction was made in the

duties on steel should be allowed to me in the price of the steel which I purchased thereafter.

Mr. KELLEY. In order to compensate you?

Mr. EMERSON. I do not know what it was for. That was the offer that was made to me. In my letter declining that proposition and refusing to come to Washington in the interest of the foreign manufacturers I remember that I stated that while it might seem to be for my individual interest (and probably would be for the time being) to buy steel plates at as low a price as possible, yet that I had coupled my own individual interests with all the general interests of the country, and that I believed that if we encouraged American manufactures and American skill and American competition we would be enabled to manufacture steel plate in this country fully equal to that of England and at as low a price as the English plate could be shipped here. And I therefore declined to serve on that committee or to come to Washington in that interest. I have at home a copy of my letter.

The CHAIRMAN. Will you be kind enough to send a copy of it to the committee?

Mr. EMERSON. I will, but I do not care to mention the name of the house which made that proposition to me. I will send a copy of the letter from my letter-book, but I would ask that if it appears in print the name of the house shall be suppressed.

Mr. KELLEY. I suggest that the name of the house shall be stricken from the copy of the letter.

The CHAIRMAN. I do not want any man's letter with his name left off.

Mr. EMERSON. Then I will send an identical copy of the letter to the committee.

Mr. HEWITT. Do you use all your own saws?

Mr. EMERSON. We do not use any; we sell them all over the country.

Mr. HEWITT. You said that you were a consumer and that consumers did not complain of the duty on steel plates. I understand now that you sell saws?

Mr. EMERSON. Yes.

Mr. HEWITT. Then I would like to see some of your customers come here so as to know whether they complain or not.

Mr. EMERSON [handing a circular to the committee]. You will find in this circular the name and address of every man who buys my saws all over this country.

Mr. KELLEY. I recollect the occasion to which Mr. Emerson refers. It was an occasion on which there had been a tournament fixed in this room for the hearing of steel producers and those who called themselves, and were called by the committee, steel consumers—the consumers being saw-makers, file-makers, and surgical and dental instrument makers; and we had the representatives of foreign steel houses, their New York and Boston agents. We had also discontented consumers in the way of manufacturers of steel into various products, and nobody seemed to discover that it was a perversion of terms to call those who bought steel in bulk and converted it into surgical and dental instruments, &c., consumers of steel. So that that that is the traditional term applied to men whose business is like that of Mr. Emerson, to take steel in bulk and to convert it into instruments of utility.

The CHAIRMAN. In the same way it may be said that the miller who converts wheat into flour is a consumer of wheat, and that the baker who converts flour into bread is a consumer of flour, but after all the fellow who eats the bread is the real consumer and is the fellow that pays.

Mr. BRECKINRIDGE, of Kentucky (to Mr. Emerson). You say that the laborers in Canada are paid only about 33 per cent. of the wages that laborers on this side of the line are paid?

Mr. EMERSON. Yes. I was speaking of the laborers in my particular branch of industry, but I think that the same thing is true also as to common laborers. I believe that the wages in Canada average about 33 per cent. less than the wages in the United States. I was in Canada a few years ago and looked into the prices of labor in machine work and in all ordinary work, and on the average I found that the laborers there received about 33 per cent. less than the laborers on this side of the line.

Mr. BRECKINRIDGE, of Kentucky. What is the relations of the average skill of Canadian workmen to the average skill of persons in similar branches of industry on this side of the line?

Mr. EMERSON. I hardly think that the average skill of workmen in Canada is equal to that of the workmen in the United States. Of course there are individual exceptions, but I do not think that the Canadian workmen are as skillful as the workmen of this country.

Mr. BRECKINRIDGE, of Kentucky. How is the effectiveness of the machinery which they use in Canada as compared with that of the machinery used in the United States in similar work?

Mr. EMERSON. I think that we excel the Canadians in labor-saving, skillful machinery. I was told by a member of the Canadian Parliament in Ottawa that he bought all his

farm machinery, reapers, mowers, and everything in the United States, because it was more skilfully made. He said that though he paid a little more for such machinery than he would have to pay for similar machinery made in Canada, the American machinery was better than anything made in Canada.

Mr. BRECKINRIDGE, of Kentucky. What is your own idea of the causes why labor is relatively cheaper in Canada than it is in this country?

Mr. EMERSON. I presume that it is in consequence of the greater influx of labor into Canada, and of the oversupply of labor there. I understand also that the laborers can live cheaper in Canada than in the United States; that a good deal of that which a man consumes, as also rent, costs less in Canada than in the United States. It is just as it is in England. In England rents are less to the family than they are here, although it costs as much to build a house there as it does here; but money there is cheaper. The manufacturer in England can have his paper discounted for 2 per cent., whereas the manufacturer here cannot have his paper discounted for less than 4 or 5 per cent., varying from that up to 6 and 10 and 12 per cent. In England they take paper, no better than the paper here, and discount it as low as 2 per cent.

Mr. BRECKINRIDGE, of Kentucky. I understand you to say that, in your own mind, the causes which produce the difference in the price of labor on the Canadian side of the line and on the American side of the line are, first, the great influx of labor into Canada, and second, the relatively greater cheapness of living?

Mr. EMERSON. Yes.

Mr. BRECKINRIDGE, of Kentucky. What is the cause, in your judgment, of a man being able to live cheaper in Canada than he is able to live on this side of the line?

Mr. EMERSON. I cannot exactly tell, except that capital is invested in Canada at a less percentage than it would be invested in the United States.

Mr. BRECKINRIDGE, of Kentucky. Why is that?

Mr. EMERSON. Because money is cheaper there. You can have paper discounted at a little less in Canada than in the United States.

Mr. BRECKINRIDGE, of Kentucky. Is that the reason why laborers can live cheaper in Canada than they can in the United States?

Mr. EMERSON. That approaches to it. If a man invests a thousand dollars in building a house in Canada he is willing to rent that house at a lower percentage on the cost than a man would do in this country where he had to pay from 6 to 10 per cent. for the use of money, or where he could get that rate of interest on his money.

Mr. BRECKINRIDGE, of Kentucky. Is it true that the Canadian laborer can purchase his clothing cheaper than the American laborer can?

Mr. EMERSON. They have a pretty large country there for a very small population. Canada covers an immense tract of territory, while there are really only about three or four millions of people there who consume products. The rest of the population are part Creoles, who live on fish, and some of whom do not live at all. The result is that there are only about three millions of people who can be regarded as a population that consumes products. These other fellows live on the products of the fisheries and hunting. There are about two millions of people in Canada who do not live in a state of civilization.

Mr. BRECKINRIDGE, of Kentucky. I thought you said that the great cause of the relative cheapness in Canada was the greater influx of labor there.

Mr. EMERSON. Yes, in proportion to the productive population of the country; and I think I am correct in that, because they are constantly coming from Canada into the United States in search of work.

Mr. BRECKINRIDGE, of Kentucky. As a matter of fact, do the laborers get their clothing cheaper in Canada than the laborers in America get their clothing?

Mr. EMERSON. There is not a doubt about that.

Mr. BRECKINRIDGE, of Kentucky. As a matter of fact, do they get their breadstuffs cheaper there than the American laborer gets his breadstuffs?

Mr. EMERSON. I cannot say; I should judge so. I presume there is but little difference there. There may be a little difference in favor of the Canadian laborer. They have a very large country to cultivate, though it is not so productive as some parts of the United States are; but I am inclined to think that what a man lives on year after year costs a little less in Canada than in the United States. The results of cheap labor go right into the whole ramifications of business.

Mr. BRECKINRIDGE, of Kentucky. I understood you to say that the duty on steel plates was 30 per cent. in Canada?

Mr. EMERSON. Yes, on steel.

Mr. BRECKINRIDGE, of Kentucky. How does that compare with the duty which you have to pay on a similar article introduced from abroad?

Mr. EMERSON. On my steel plate it would be a little more—3 cents a pound and 10 per cent. ad valorem.

Mr. BRECKINRIDGE, of Kentucky. But with the duty which you have to pay and with the difference in the appliances of machinery, you can put your goods into Canada at a profit?

Mr. EMERSON. Yes, at a moderate profit.

Mr. BRECKINRIDGE, of Kentucky. But at a profit?

Mr. EMERSON. Yes, but a moderate profit as compared with the profit that we get on our goods here. I do not sell my saws at any fixed prices in the United States. I sell them at what I can get for them. If I cannot get the price I want I must take less, particularly if I come in competition with another manufacturer. In order to sell our goods we have to sell as cheaply as another will. If we cannot get a big price we put up with less and average it.

Mr. BRECKINRIDGE, of Arkansas. Does the Canadian saw-maker pay a duty on the steel he works in.

Mr. EMERSON. No, I think not. It is considered as raw material and is shipped from Sheffield without paying duty.

Mr. BRECKINRIDGE, of Arkansas. But you pay duty on the steel that you use?

Mr. KELLEY. No; he uses American steel.

Mr. EMERSON. The saw manufacturers in the South do not use English steel. They use American steel in preference to it, because they say that American steel is now of a better quality than the English steel.

Mr. BRECKINRIDGE, of Kentucky. Do you find that, when you export your goods into Canada, you come in practical competition with English goods also exported into Canada?

Mr. EMERSON. I do not think we do. I do not know that any English saws are exported from England into Canada. There may be, but if there are I do not know of it.

Mr. BRECKINRIDGE, of Kentucky. Is that true of any other industry which is true of your industry, that goods made on this side of the line are exported into Canada and pay duties there and are sold there at less than they are sold for in the United States?

Mr. EMERSON. I cannot say positively. I have not been to Canada within the last five years.

Mr. BRECKINRIDGE, of Kentucky. Have you ever made an estimate in dollars and cents of how much it costs an average laborer to live in the places where you do business, and how much it costs a laborer of the same general class to live in Canada?

Mr. EMERSON. No, sir, I have not. I cannot inform you.

The CHAIRMAN (to Mr. Jones). Some of the gentlemen present spoke of a limitation of the metal duty, fixing the limit at 50 per cent. Can you name a limitation which would be satisfactory to the metal people? How low would you be willing to put it?

Mr. JONES. I would be in favor of a duty which would prevent the bringing in of metals from abroad and enable us to make, in this country, all the metals that we require. We have all the facilities for doing so.

STATEMENT OF MR. WEEKS.

Mr. BRECKINRIDGE, of Kentucky. Has any gentleman present made the calculation of how much it costs the English laborer, or the German laborer, or the Canadian laborer, in comparison with what it costs the American laborer in the same industry, to live?

Mr. JONES. My friend Mr. Weeks has made a study of that subject, and is better able than any other gentleman present to answer that question.

Mr. WEEKS (to Mr. Breckinridge, of Kentucky). How do you mean? Do you mean his wages as measured in prices of leading articles?

Mr. BRECKINRIDGE, of Kentucky. I want to know how much it costs an English laborer, or a French laborer, or a German laborer, or a Canadian laborer to live, and how much it costs an American laborer of the same class to live?

Mr. WEEKS. Do you mean without any reference to the manner in which he lives, or do you mean with reference to his living on the same plane?

Mr. BRECKINRIDGE, of Kentucky. I mean as he does actually live. I find, from reading a very interesting book written by Mr. Porter, that the laborer in certain parts of England lives in a particular way.

Mr. WEEKS. I went to England in 1883 for the purpose of examining this question, and before I went there I was engaged in making up the statistics of labor for the United States census. I went to Europe for the purpose of investigating the question. The only way I could get at it actually was to take the necessities of life, and find the purchasing power of a dollar in each of those necessities. Before I went there I had prepared a table of the prices of the necessities of life in this country, and I made out a similar schedule in England. I procured tables of the prices of the necessities of life there, and I ascertained from those tables the prices paid by laborers in England in

their own home for those articles. I took articles that were in general use in the families of American workingmen, but I found that a great many of those articles were not used by English workingmen at all, or so very seldom as not to enter into the account of their living; but I found that in the prices of provisions, groceries, &c., the purchasing power of a dollar was about 25 per cent. more in this country than it was in England—I mean for groceries and provisions, including meats. For instance, at Pittsburgh Mr. Jones has a large store at his works, and the good quality of the goods that he sells there is evidenced by the fact that he uses the same goods himself in his own house. Meats which Mr. Jones sold for 15 cents per pound out of his store at Pittsburgh could not be bought in Sheffield, or Manchester, or Leeds, or Liverpool for less than from 25 to 36 cents a pound. The price of flour you could hardly compare, because here almost every workingman's family makes its own bread, but in England they buy bakers' bread. I got, however, from a Belfast baker, who now lives in Pittsburgh, the rates at which he sold the same grades of bread in Belfast and Pittsburgh, and I found that the American prices for the same qualities of bread were less than they were in Belfast. Our coffee costs less, our salt costs less, our eggs cost less, our butter costs less, and our potatoes cost less, and all the groceries on which a workingman's family lives cost, on the average, about 25 per cent. less in the United States than they do in England.

Mr. JARRETT. And apples there are a luxury?

Mr. WEEKS. The canned fruits which our workingmen use to such an extent are regarded in England as an unaccustomed luxury. I went through the whole scale of prices in this same way. So far as relates to clothing of all kinds, the outer clothing appears to cost a little more in this country than it does in England.

Mr. BRECKINRIDGE, of Kentucky. How much more?

Mr. WEEKS. From 10 to 15 per cent. In shoes, in clothing, in shirts, in print cloths and things of that kind, our prices are less than the prices in England. You can buy an American print made in Lowell, Mass. (one of the best prints made in the world) at about half the price that you can buy a similar grade in England for. Outer clothing, as I say, costs more in England. If a man insists on having in this country an imported suit of English clothes, he has to pay a good deal more for it; but I had with me there a suit of clothes made by my tailor in Pittsburgh for which I paid \$24, and I could not duplicate that suit of clothes in England for the same price. I had a diagonal suit of clothes made while I was there by one of the best tailors in High Holborn, which I threw away when I came home. When you come to house-rent, you find great differences. I have a gentleman in England to-day—a workman from the coke regions of Pennsylvania—whom I sent over for the purpose of ascertaining such facts, and he tells me that the houses in South Wales (where he went) that are occupied by workingmen are in no respect equal to the houses occupied by workingmen in the coke regions of Pennsylvania, and that the rent is nearly as great. An Englishman has, in addition to the rent which he pays to his landlord, also to pay the taxes and the rates, whereas in this country as a rule the landlord pays the taxes, so that in making comparisons there is a great difference to be noted there. I believe that Professor Leone Levi has used a very apt term when he speaks of “the budgets of the working classes” in his masterly view of labor statistics. He has taken up the same question. In his work we find that the groceries and provisions which enter into the consumption of workingmen's families—earning, say, from \$450 to \$600 a year—amount to about 60 per cent. of his gross expenditures. Of that 60 per cent. which enters into the cost of his living, the prices in this country are 25 per cent. less in round numbers than they are in England. His rent is about from 17 to 20 per cent. of his whole expenses. And the rent is from 10 to 25 per cent. higher in this country. The clothing of the English workingman is, on the whole, about the same; and that is about 17 per cent. more; and now you have about the whole of his expenses. These, of course, are round figures, but I will give the committee exact figures if the committee wants them. There is already a bill pending in the Senate to make these figures of mine an appendix to my report of wages which is now being printed among the census returns.

Mr. HEWITT. State your position.

Mr. WEEKS. I am associate editor of the *Iron Age*.

Mr. HEWITT. I understand you to say that the purchasing power of wages here is greater than the same purchasing power in England?

Mr. WEEKS. I said the purchasing power of a dollar here is greater than the purchasing power of a dollar in England.

Mr. HEWITT. That is the same thing.

Mr. WEEKS. It may be, and it may not be.

Mr. HEWITT. What do you mean? Laborers in both countries are paid in money; and money at present means gold money. Therefore I understand you to say that the purchasing power of a certain amount of money is greater in this country than the pur-

chasing power of the same amount of money in England, and also that the general rate of wages in this country is higher than the general rate of wages in England?

Mr. WEEKS. Yes.

Mr. HEWITT. Then the workingman in this country is better in every way than the English workingman?

Mr. WEEKS. Yes.

Mr. HEWITT. Have you had any labor troubles recently in the coke region at Pittsburg?

Mr. WEEKS. Yes.

Mr. HEWITT. Has there been a large number of foreigners imported into that region?

Mr. WEEKS. How do you mean by their being "imported"?

Mr. HEWITT. I mean Hungarians and others coming in there. When the American workmen there struck, was there not a large number of persons brought in (Hungarians, Poles, and other foreigners) to do the work which the American workmen refused to do?

Mr. WEEKS. Brought in from where?

Mr. HEWITT. I ask you if they were not brought into that region?

Mr. WEEKS. I have a right to answer your questions categorically.

Mr. HEWITT. I ask you whether there were brought into the coke region Hungarians, Poles, and other foreigners to take the place of the men who struck in that region?

The CHAIRMAN. These gentlemen are here voluntarily. They are asked to come here to give us information, and when they come they give it in their own way; and if we seek for some other information they may decline to give it if they see fit, and we have no way of compelling them.

Mr. WEEKS. The word "imported" as used by Mr. Hewitt has a certain technical meaning. It means generally (as used here) imported from abroad under contract. There have been no men imported into the coke region of country from outside of the United States—not one. The workmen in that region are almost without exception foreign born, and when there was a shortage of labor there some ten years ago they sent to a labor bureau in New York near Castle Garden, asking to have certain laborers sent out there to work and they were sent. This was when there was no strike at all. There has been no importation of labor there in the sense of bringing in laborers under contract.

Mr. HEWITT. When the strike took place were there laborers brought in there from any place?

Mr. WEEKS. In this last strike there have been none brought in there; but I am not thoroughly posted as to the labor affairs in the coke region.

Mr. HEWITT. You have studied the question of wages abroad; have you studied the question of wages here?

Mr. WEEKS. I have.

Mr. HEWITT. What wages were the coke men getting at the time they struck?

Mr. WEEKS. The men were earning all the way from \$1.15 a day as common laborers up to \$3 a day.

Mr. HEWITT. And what was the proposition that caused the strike? Was it a proposition to reduce wages?

Mr. WEEKS. No, sir; it was a demand on the part of the men for an increase of wages. In 1884 there was a reduction of wages to the amount of 10 per cent., and the men demanded the restoration of that 10 per cent.

Mr. HEWITT. Then there was a reduction of wages?

Mr. WEEKS. Yes; in 1884.

Mr. HEWITT. The men asked to have that restored?

Mr. WEEKS. Yes.

Mr. HEWITT. And when the restoration was refused what happened? Did the men strike?

Mr. WEEKS. Yes.

Mr. HEWITT. What did the coke-oven owners do? Did they shut down their ovens?

Mr. WEEKS. Yes; they shut down their ovens.

Mr. HEWITT. Did any of the coke-owners shut down their ovens where there was no strike?

Mr. WEEKS. No, sir.

Mr. HEWITT. In no case?

Mr. WEEKS. In no case. There was a proposition to do it, but it was not done.

Mr. HEWITT. Now as to the fact of those Hungarians being brought in, do you know that they have been?

Mr. WEEKS. I know that they have been coming in there ever since 1872, I think.

Mr. HEWITT. But take the year 1884. Was a large number of them brought in then?

Mr. WEEKS. Not a large number.

Mr. HEWITT. When did the largest number of those Hungarians and Poles come into that region?

Mr. WEEKS. They have been coming in there all these years.

Mr. HEWITT. Do they form a majority of the workingmen there?

Mr. WEEKS. No, sir; by no manner of means. There are only two works there in which they form the majority of the workmen.

Mr. HEWITT. How is the American workman protected by bringing in this large quantity of foreign labor?

Mr. WEEKS. They were not brought in.

Mr. HEWITT. How did they get there.

Mr. WEEKS. They were in this country, and, being in the country, they became in a certain sense American laborers.

Mr. HEWITT. There is no sort of protection of labor born on the soil against any number of foreigners coming here in competition with it, is there?

Mr. WEEKS. No, sir.

Mr. HEWITT. The American workman has had no protection of that sort?

Mr. WEEKS. He is getting it now.

Mr. HEWITT. How?

Mr. WEEKS. By the law which prevents the bringing in of foreign laborers under contract.

Mr. HEWITT. Was ever any considerable number of foreign laborers brought in here under contract?

Mr. WEEKS. No, sir.

Mr. HEWITT. Then that is a matter not worth talking about.

Mr. WEEKS. I think not.

Mr. BRECKINRIDGE, of Kentucky. What is the relative skilled capacity of the machinery used in England, in Canada, and in the United States; are the appliances better here than they are abroad, in the iron business, for example?

Mr. WEEKS. I think that as a rule the appliances here are better than they are abroad, and not only that, but our workingmen here seem to have a greater ambition to earn and to save something for themselves and their children. They have a greater ambition to fix up their homes and to better themselves in every way; and, for these reasons, our machinery, in addition to the greater skill of the men, is made more effective.

Mr. BRECKINRIDGE, of Kentucky. How does the human labor used here compare in skill with the human labor used in England and Canada?

Mr. WEEKS. In the iron business as a rule (speaking now of the rolling-mills and of the blast furnaces), a great deal of our labor is labor that has worked in England and other foreign countries, and the skill is naturally about the same; but our men here seem to have something to work for, and they are willing to work and accumulate, so that when the time of distress comes, or when their wages are reduced or their working hours reduced, they have not to fall back upon the poor rates.

Mr. HEWITT. What becomes of the old puddlers?

Mr. WEEKS. The old puddlers continue to work.

Mr. HEWITT. How late in life do they continue to work?

Mr. WEEKS. We have a puddler seventy-odd years old working in Pittsburgh.

Mr. JARRETT. I know one man who has worked in that trade for fifty-six years. Mr. Hewitt knows very well that the wages paid to the trade in the old country do not amount to more than half the wages that are paid here. I do not mean the wages per day or per ton, but I mean the wages in proportion.

Mr. BRECKINRIDGE, of Kentucky (to Mr. Weeks). What is the difference in the cost of the production of an article of the same general character in this country and England, growing out of the three factors, the difference between the cost of labor, the nature of the appliances with which the work is done, and the skill of the laborer by whom it is done? That is the problem in my mind.

Mr. WEEKS. You can find that out by finding the difference in cost of living in both countries. You can take the prices and you can take these "budgets of the working classes" and make a calculation, but whether you can get anything as to the productiveness of machinery is very doubtful. That would be a very difficult thing to arrive at. For instance, you could begin and take the cost of a ton of pig-iron this way: You can get at the cost of the ore, the cost of transportation, the cost of coal, the cost of coke, the cost of lime, the cost of transportation of all these things to the furnace, and then the cost at the furnace; and in that way can get at the relative cost of a ton of iron in both countries; but whether you can get at these elements that you speak of, I cannot say.

The CHAIRMAN. What is your relation to the iron industry?

Mr. WEEKS. I am associate editor of the Iron Age, and secretary of Iron Association and of the American Western Iron Association.

The CHAIRMAN. Then you can tell us all about pig-iron?

Mr. WEEKS. That I cannot say.

The CHAIRMAN. What is the present production of the country in pig-iron?

Mr. WEEKS. I would have to ask Mr. Cope to answer that question.

Mr. COPE. The production of pig-iron last year in this country was 4,044,526 gross tons.

The CHAIRMAN. What is the average value of pig-iron at the furnace?

Mr. WEEKS. I cannot get at that.

Mr. COPE. We have no average figures for the cost at the furnace.

Mr. WEEKS. The Pittsburgh figures of the price of pig-iron are practically figures at the furnace. The Philadelphia figures are the figures at the furnace plus the freight to Philadelphia.

The CHAIRMAN. Then these gentlemen of the Iron and Steel Association who are present cannot tell me the price of pig-iron at the furnace?

Mr. WEEKS. Iron is very rarely sold at the furnace. The iron that comes to Philadelphia is sold at the price in Philadelphia, and the iron which comes to Pittsburgh is sold at the price at Pittsburgh.

Mr. BRECKINRIDGE, of Kentucky. That is to say, that the place of sale fixes the price of the articles sold there?

Mr. WEEKS. Yes; the article is always sold at its price laid down, so that I never saw an estimate of what the price of pig-iron was at the furnace, unless the figures in the census report may possibly show it.

Mr. WHARTON. Is not the way of getting at the price of pig-iron at the furnace to deduct the average freight of the pig-iron from the furnace to the place of sale?

Mr. HEWITT. The rate of freight to Philadelphia is about \$1 a ton.

Mr. WEEKS. The rate to Chicago is \$4 a ton and sometimes \$4.50.

Mr. HEWITT. If you take Mr. Cope's figures at \$18 a ton in Philadelphia and deduct \$1 a ton for freight, you have a price of \$17 a ton at the furnace, which, as a matter of fact, is the price.

Mr. WEEKS. The price of pig-iron that comes from Alabama and is sold at Chicago should have \$4 deducted from it for freight. If it is sold at \$18 in Chicago, it makes the price \$14 at the furnace.

The CHAIRMAN. Is \$16 a ton at the furnace a fair estimate of the price of pig-iron?

Mr. WEEKS. There are gentlemen here who know more about the prices of pig-iron than I do. Mr. Butler is here and can state the prices. When Mr. Breckinridge asked the question about comparative wages in the United States and foreign countries I got up to answer that question, but for no other purpose. There are grades of iron. This iron which Mr. Cope spoke of is No. 1 foundry iron. Our quotations at Pittsburgh are not for No. 1 foundry iron but for No. 1 mill iron, which sells at about a dollar a ton less.

The CHAIRMAN. About four million tons of pig-iron were made in this country last year, and I want to know what is a fair average price for it at the furnace.

Mr. HEWITT. I think that a fair average upon all grades of iron would be \$16 a ton at the furnace.

Mr. WHARTON. That is a pretty fair average, rather too high than too low.

The CHAIRMAN. Then the product of pig-iron last year would amount to \$64,000,000 at \$16 a ton, or \$72,000,00 at \$18 per ton?

Mr. WEEKS. Mr. Butler, who is in the pig-iron business, is here, and will answer those questions better than I can.

The CHAIRMAN. I wanted the information and I have got it.

Mr. WEEKS. I should say that \$16 a ton was certainly not too low an average price.

STATEMENT OF MR. J. G. BUTLER.

Mr. J. G. BUTLER, of Youngstown, Ohio, next came before the committee.

The CHAIRMAN. Take all the productions of pig-iron in the United States last year, and state what was its value at the furnace.

Mr. BUTLER. I would state that \$16 a ton is rather a low price. At least it would be considered low where I come from.

The CHAIRMAN. How did the production of pig-iron last year compare with that of 1880?

Mr. BUTLER. I have here the productions of the years from 1880 to 1885. The pro-

duction of pig-iron in 1880 in the United States was 3,825,000 tons, and in 1884 4,097,000 tons.

Mr. CHAIRMAN. The product was a little larger in quantity last year but the price was less, was it not?

Mr. BUTLER. Yes, sir. I think that if you take the year 1885 all through the price of pig-iron was lower than for two or three years previously. In fact there has been a constant decline in the price of pig-iron during the last three years.

The CHAIRMAN. Then the pig-iron that was produced in this country in 1884 was not worth any more money than that produced in 1880?

Mr. BUTLER. I have not the statistics, but my recollection is that in the year 1880 the prices of pig-iron were higher than in 1884.

The CHAIRMAN. Have there been any improvements in appliances for the production of iron between the years 1880 and 1885?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. Very great improvements?

Mr. BUTLER. I think that the blast furnaces of the country have been generally rebuilt and new appliances of all kinds put in.

The CHAIRMAN. Would, therefore, the same number of laborers with the improved appliances make the quantity of iron in 1885 that was made in 1880?

Mr. BUTLER. I do not think the improved appliances make much difference so far as blast furnaces go. It would take still the same number of men.

The CHAIRMAN. Then the number of men employed would be about the same?

Mr. BUTLER. I do not think that the number would vary.

Mr. HEWITT. Have there been any labor-saving appliances invented in the interval?

Mr. BUTLER. Very little, so far as pig-iron is concerned. They have adopted better hot blasts and things of that kind.

The CHAIRMAN. I see by the census reports that there were about 42,000 men employed in that business in 1880. Are there statistics showing how many men were engaged in that industry last year?

Mr. BUTLER. I have not the statistics here, but I can send the information after I get home.

The CHAIRMAN. The wages paid in 1880 to the men employed in this business is given in the census as \$12,680,000. Were the wages higher or lower in 1885?

Mr. BUTLER. I think the wages were lower in 1885 than they were in 1880.

The CHAIRMAN. Do you recollect the average amount of wages in 1880?

Mr. BUTLER. No, sir.

The CHAIRMAN. It is given in the census as \$303 a year to each man employed in that business. The men do not work the full year, do they?

Mr. BUTLER. In the case of blast furnaces ninety-nine out of every one hundred men employed would work the full year. The people engaged in the manufacture of pig-iron work night and day and Sundays.

The CHAIRMAN. I think that some gentleman stated before us (probably not during this hearing) that the men were only employed about nine months in the year.

Mr. HEWITT. That is, the men employed in making charcoal iron?

Mr. BUTLER. Yes, sir.

Mr. WEEKS. About one-eighth of the total product of iron last year consisted of charcoal iron.

Mr. BUTLER. Even when the furnaces are out of blast the men are employed in preparing for work.

The CHAIRMAN. Then the average wages paid to men in that industry will have been a little less than a dollar a day?

Mr. BUTLER. The wages this year is more than that. We have not a man about our premises to whom we pay less than \$1.20 a day, and to some we pay as high as \$2 a day and \$2.25 a day.

The CHAIRMAN. Then the average wages paid to miners were not higher in 1885 than in 1880?

Mr. COPE. In the absence of Mr. Swank I would say that the average given in the census report is not the average wages which he has given. I do not think that Mr. Swank has anywhere made the average wages of men engaged in the iron business \$303. He gave an average of so much a day. He gave the total amount of wages paid and the total number of hands employed.

The CHAIRMAN. Yes; and that made an average of \$303 a year.

Mr. COPE. Yes; if all the furnaces were in actual operation during the year, and if all the men were employed all the year. But all the furnaces were not in actual operation all the year. In making a report for the census returns the man who has charge of a furnace would, of course, state the number of men employed, whether they worked for a month or for twelve months.

The CHAIRMAN. I have asked this gentleman (Mr. Jones) whether the people employed in the pig-iron industry were employed more than nine months in the year, and he said "Yes; they are employed all the time."

Mr. WEEKS. The number of laborers given in the census reports was the number engaged on the 31st day of May, 1880. Now, it is well known that the census year was a year of great increase in the production of iron, and a great many men were brought into the trade and taken out of other trades, so that the number of men employed in the iron industry on the 31st of May, 1880, was very much in excess of the average number employed throughout the whole year. The "boom" began in 1879, and a great many furnaces were blown in which had been idle for a long time, and men were brought from other employments into the iron business.

The CHAIRMAN. Then you do not think that there were as many as 42,000 men employed in the iron business in 1880?

Mr. WEEKS. There were that number employed on the 31st of May, 1880, but that was a great deal more than the average during the year. The wages as given in the census are the total wages paid during the year to each man employed. If you get the average number of men employed during that year and divide the total wages paid by that number, then you would get the average wages of each man. In my census report I have very carefully studied that question, and I have made that point, that the number of men given in the census as being employed is not the number of men employed throughout the year, but the number of men employed on the 31st of May, 1880, while the wages paid are the wages paid for the whole year, and the dividing of one by the other does not show anything, except simply the result of the division. I mean that it does not show the average wages paid per man.

The CHAIRMAN. What is there in the census that shows that? Only what you put in?

Mr. WEEKS. No, sir; the Government required that the occupations of the people on the 31st of May, 1880, should be shown in the census, and also required that the total wages paid during the year should be shown, but it did not require that the average number of men employed during the year should be shown. If you get the average number of men employed during the year and divide by that number the total amount of wages paid then you get the average per man.

Mr. BUTLER. I want to enter a protest against any reduction of the existing duty on pig-iron. The business of the country cannot stand it. The firm in which I am engaged manufactures 10,000 tons a month. We are doing fairly well now. We have got accustomed to that 18-cent rate, but, if the reduction which is contemplated takes place, we will have to quit. We would either have to stop our works or reduce wages which we pay to our workmen.

The CHAIRMAN. I merely want to obtain such information as will enable me to form a judgment, as I have a duty to perform, too. I tried to get that information from you gentlemen who are engaged in the business, and compare the facts which you have given me with those that I find in the census report, and that have been put there by a man very intimate with your business, and, so far as I know, a very upright and straightforward man. You made during the year pig-iron worth at the furnace \$72,000,000, and, in any way that I can figure it up, the labor at the furnaces cost between \$12,000,000 and \$13,000,000. Then you had engaged in the mines mining iron ore about the same number of people, and they got in wages about \$9,000,000. They earned, like the others, \$303 a year. But then you tell me that I do not know, and that the census does not state, how many men worked during the year; and you do not tell me the number.

Mr. HEWITT (to Mr. Butler). Will you furnish a statement from your establishment showing the number of men employed and the amount of wages paid during the year?

Mr. BUTLER. Yes; I will send that when I get home.

The CHAIRMAN. I was laboring under the impression that the iron made by all the people engaged in the pig-iron business in this country was made in nine months, and I wished to see whether you are correct in saying that you cannot carry on the business if we reduce this duty. Now, I figure it up (taking from the census the best light I can) that you used about 8,000,000 tons of coal, besides the ore, and that it took about 20,000 men to dig that coal. But you do not tell me, and the census does not tell me, how many men it took to get out the coal that was put into that iron. I have taken all the figures, the labor in the coal mining, and in the ore mining, and in the blast furnaces, and I figure them all up at about 94,000 men, who get about \$303 a year, and who get all together about \$29,000,000. Now when you take that \$29,000,000 out of the \$72,000,000 which the pig-iron is worth at the furnaces, there is a great deal of money left. Then you have got to take from that the cost of the quarrying of limestone and other labor, but there are not so many men by one-half engaged in getting limestone and in mining the coal that there are engaged in getting the iron ore.

Mr. BUTLER. It is all labor.

The CHAIRMAN. Certainly; I understand that it is all labor, getting the ore and the coal and the limestone

Mr. BUTLER. And the transportation.

The CHAIRMAN. And the transportation. Now, putting all these items together you have not got up to \$34,000,000 before getting to the transportation. And now you have got up to the transportation, and yet there are some \$40,000,000 left of the \$72,000,000, and I want some sort of an explanation as to what becomes of that amount, so that I may know whether the business can stand this reduction or not.

Mr. BUTLER. I know what we can stand and what we cannot stand, and I know we cannot stand a further reduction unless we take it out of the wages of the men.

The CHAIRMAN. Where are your works situated?

Mr. BUTLER. At Youngstown, Ohio.

Mr. McKINLEY. I suggest that Mr. Butler be permitted to file a statement, which he will prepare with great care in the line of the chairman's question.

Mr. BUTLER. I will be happy to do so. I have looked for these profits, but I have not been able to find them.

Mr. HEWITT. And I have looked for this money which the chairman speaks about, for I am a pig-iron man, and I have never been able to find it.

Mr. BUTLER. If this committee will only just let things alone the business will be all right.

The CHAIRMAN. That is your conclusion, and I have no doubt a very honest one. I have no doubt that that is what you believe about it, but I want the facts on which that belief is based.

Mr. BUTLER. We have a very large concern with a great deal of money invested in it. We are engaged in making pig-iron for the general market. We do not consume it. We make it for other people. We send it to Maine, New Hampshire, and all over the country. We are making a grade of iron that is a little better than the Scotch iron, and people are beginning to like our iron better than they do the Scotch iron. Now, if you take off the present duty on pig-iron we will have either to quit our business or reduce the wages of our workmen.

The CHAIRMAN. I have detailed every item of expense in the making of pig-iron, and if there is any additional cost which I have not detailed in producing this iron I want to know what it is.

A MEMBER OF THE DELEGATION. I am a manufacturer, and it always puzzles me to know how the money goes.

Mr. BRECKINRIDGE, of Kentucky (to Mr. Butler). What is the profit on a ton of pig-iron at the Youngstown works?

Mr. BUTLER. We are making about a dollar a ton profit.

Mr. BRECKINRIDGE, of Kentucky. Can you not furnish to the committee the items which enter into the cost of making a ton of pig-iron, so as to show precisely what it does cost?

Mr. BUTLER. I will do that, and will send it to the committee. I will give the facts right from the books, and I repeat that we cannot stand any reduction of the present duty.

Mr. HEWITT. Do you know the freight on pig-iron from New York to Cleveland or Chicago?

Mr. BUTLER. The freight varies, depending upon whether the canals are open.

Mr. HEWITT. Can you give us the freight both by canal and by railroad?

Mr. BUTLER. I cannot tell exactly. There has been a great deal of cutting of rates recently, and a great deal of railroad disturbance, but I should say that \$3 a ton would cover the all-rail rate, and that \$2 a ton would cover the rate in summer time when the Erie Canal is open.

Mr. HEWITT. You say that you send your iron East. Therefore none of the Scotch iron can come West?

Mr. BUTLER. We have, ourselves, with other manufacturers, taken the place in the market that used to be occupied by Scotch iron.

Mr. HEWITT. Then a reduction of duty would not hurt you for the Western market?

Mr. BUTLER. I do not know but it would.

Mr. HEWITT. You say that you were sending your iron East, and competing there with Scotch iron, and you say that it costs \$3 a ton freight to send from New York to Chicago. There you have an advantage of \$3 a ton. How then can the Scotch iron people get into the market in competition with you?

Mr. BUTLER. There are interior places in New England, and it costs money to get our iron from the seaboard to those places.

Mr. HEWITT. But I am asking you how the Scotch iron can interfere with your Western market.

Mr. BUTLER. I say that there is a dollar a ton profit in the business, but if you take off the duty it will hurt us.

Mr. HEWITT. You have made a statement here which I think would mislead the committee unless I clear it up. You say that, as the thing stands now, you can come East with your pig-iron, and that when the Scotch pig-iron comes into the port of New York it costs from two to three dollars a ton to take it to Chicago. Therefore you and your friends must have a monopoly of the Western market. The Scotch iron cannot go West and compete with you if you can go East and compete with it. Having that \$3 margin in the freight, how would a reduction of duty have the effect of stopping your furnaces.

Mr. BUTLER. I told you that local rates of freight are very high.

Mr. HEWITT. But I am talking about the Western market.

Mr. WEEKS. I have got here the cost of pig-iron at one furnace in Pennsylvania in 1884. Here are the figures.

The CHAIRMAN. I want the figures for the gross sum. I do not want figures from any particular shop, but the gross figures.

Mr. WEEKS. The furnace I speak of is a well-managed concern, and the figures given are not excessive.

Mr. HEWITT. What are the figures?

Mr. WEEKS. In the production of a ton of iron the ores cost \$7.35, the fuel \$5.18, the limestone \$2.02, the labor at the furnace \$2.30, and contingencies 98 cents, making a total of \$16.83 as the cost of pig-iron in Central Pennsylvania that year.

The CHAIRMAN. Is that cost all labor?

Mr. WEEKS. Ninety per cent. of it is.

The CHAIRMAN. You saw the statement as to the cost of labor in pig-iron being \$11.54 per ton.

Mr. WEEKS. It is more than that.

The CHAIRMAN. You have seen that statement. Is it correct?

Mr. WEEKS. Yes, in relation to anthracite furnaces, with which I am not familiar; but when you come to talk about coke furnaces, I know the subject.



PIG-IRON AND IRON ORE.

WASHINGTON, D. C., *March 6, 1886.*

STATEMENT OF MR. WILLIAM A. INGHAM.

Mr. WILLIAM A. INGHAM, of Philadelphia, president of the Rockhill Iron and Coal Company, Pennsylvania, addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: The Eastern Pig-Iron Association has prepared a printed paper which presents the case in as few words as it can be presented, which paper, with your permission, I will now read:

The Eastern Pig-Iron Association respectfully and earnestly protest and remonstrate against the proposed reduction of the duty on pig-iron and wrought scrap-iron, and warn the committee and Congress of the alarming consequences certain to follow such reduction.

The existing duty on pig-iron and wrought and cast scrap iron is $\frac{3}{10}$ of a cent per pound, or \$6.72 per ton; the proposed duty is $\frac{1}{4}$ cent per pound, or \$5.60 per ton, with a limit of 50 per cent. ad valorem after January 1, 1887, which would be \$4.90 per ton on 40-shilling iron, and \$3.68 on 30-shilling iron.

From \$9 per ton the duty was reduced in 1871 to \$7 without any corresponding reduction on bar-iron or other similar products of iron. When the tariff was revised in 1883 the duty on pig-iron, in order to afford a fair proportionate rate of protection, should have been made \$8 per ton, as recommended by the Cresson Convention of Iron and Steel Manufacturers. Instead of this it was again reduced below the inadequate rate then existing, and now stands at \$6.72 per ton, as above stated.

The consequences of these reductions have been most disastrous. The manufacture of pig-iron is in a very depressed condition. Prices have fallen steadily to September, 1885, since when there has been a slight rally. There has been a most unequal competitive struggle between the foreign producers at low wages and the home producers at higher wages. One by one our furnaces closed and put out their fires, and many of those who continued the fight were driven into bankruptcy and ruin.

With half of our furnaces idle and thousands of our workmen idle from want of employment, large quantities of foreign pig and scrap iron and products of pig and scrap in a more advanced state of manufacture have continued to arrive and supply our markets to the exclusion of the home product.

The sufferings and privations of the workmen and their families and the extent of the losses of their employers, thus wantonly sacrificed in favor of foreign capital and cheap labor, will never be definitely known.

Since these reductions most of the capital invested in these great industrial establishments has either ceased to be productive or has been sunk in the hopeless struggle with the products of underpaid foreign labor.

As an instance of this, take the Lehigh Valley district, which up to 1871, when the duty was reduced from \$9 to \$7 per ton, was the most prosperous in the country. Situated in the midst of enormous deposits of good hematite ores, with an abundance of fluxes at their very doors, and the great Lehigh anthracite coal fields at the head of their valley, this region was properly regarded as one of the most favored.

At about the time of this reduction, within a few miles of the center of this great ore deposit, there were 33 blast furnaces in active and prosperous operation, which were operated by 14 different companies. In the struggle which followed the reduction of duty, 11 out of these 14 companies were driven into bankruptcy, the whole of their original capital being sunk and lost, while two of the remaining three created mortgages against their plant amounting to \$50,000 to \$75,000 to each furnace. And this is practically paralleled in other sections.

The depression in the iron trade is not, however, confined to this country. Great Britain, with the ambition to supply the world, has built furnaces with a capacity far beyond her market. Being fenced out of the continent by hostile tariffs, she has gone on accumulating stocks of unsold and unsalable pig-iron, till at the close of 1885 she had nearly 2,500,000 tons unsold—about one-third of her product for that year, 7,450,000 tons. This unsold British stock is a menace to the whole world. Continental nations have protected themselves against the British manufacturers, and their only hope for relief is a reduction in our tariff, to which they are now looking with anxious eyes. The British iron market rises and falls with their hopes of a reduction in our duties, with the prospects of the passage of the pending bill.

The present prices of British pig-iron range from 30 shillings, \$7.35, to 48 shillings, \$11.76, per ton, with exchange at \$4.90, as to-day. The lowest-priced iron is so inferior as to be hardly salable here at any price. It is only used in making the rotten bar iron which the British manufacturer works off on the savage African and the ignorant Chinese. The highest-priced Summerlee Scotch is so rarely imported that it may also be disregarded.

At 40 shillings, \$9.80 per ton, a good English iron may be bought. If to this price at shipping port be added the present duty, \$6.72, the freight (now quoted at 5 shillings to 10 shillings, but during the whole of last year ranging between 1 shilling and 2 shillings), say \$1.75, with commissions, insurance, and expenses, say 40 cents, it will be seen that a good quality of British pig-iron can now be laid down in Atlantic or Gulf ports at about \$18.67 per ton. Now the present average cost at furnace of American pig-iron east of the Alleghany Mountains is between \$14 to \$16 for mill iron and \$16 to \$18 for foundry irons per ton, to which must be added about \$1.25 to cover freights and charges to market.

Mr. HEWITT. From what port was the freight last year as low as 1 shilling?

Mr. INGHAM. From Glasgow.

Mr. HEWITT. But that iron, which you say may be bought at 40 shillings a ton, cannot be got at in Glasgow?

Mr. INGHAM. Yes; delivered at Glasgow.

It is evident, therefore, that on some grades there is little or no margin for profit even with the existing duty, and that any reduction of duty would practically close our works.

One other subject must be referred to here, which is labor. It must be remembered that the cost of a ton of pig-iron is almost entirely made up of labor. With the exception of royalties on iron ore, coal, and limestone, profits on mining, and profits on transportation of the materials to the furnace, amounting in the average to about \$2.00 per ton of iron, all other cost is labor.

During these disastrous years, in our fruitless efforts to bring *cost* down to *price*, we have, at different times, reduced wages till they are now at a point where no further reduction is possible. Our employes, aware of our heavy losses, and willing to bear their share, have submitted cheerfully. Both employers and employes have been holding on, hoping that the tide would turn, and that a moderate rise in prices would enable us to pay better wages and to recoup our losses.

But even if the present duty is maintained, any material rise is not probable in the present condition of the British iron trade. With any reduction, even the slightest, the hoped-for rise becomes absolutely impossible.

If we had anything to hope for from the present Congress we would ask them to put the duty on pig-iron at \$8 per ton, which is no more than would overcome the difference in wages paid abroad and at home. We would also ask that the duty on wrought scrap, which is a substitute for pig-iron, and of which one ton is equal to one and a quarter tons of pig-iron, should be fixed at \$10.

To conclude, the makers of pig-iron, so far as we represent them, are utterly weary of this continual nagging at the tariff. We have invested money in our business, under a state of affairs as regards protection from foreign competition, which warranted us to expect a fair business profit. The perpetual tinkering at the tariff paralyzes business, demoralizes trade, and has reduced most of us to such a state of mind that we would be glad to get back 50 cents on the \$1 of our money invested. Between the proposed tariff and the abolition of all duties on pig-iron we have no choice. In fact, we would prefer free trade to the proposed rate of duty, because we believe that the stronger the dose the more rapid will be the recovery of the patient.

Mr. McMILLIN. Is it possible to rehabilitate those furnaces in the Lehigh Valley, which you speak of as having blown out in 1872? Do you think that any tariff that could be imposed would put in blast again those furnaces that have been blown out in the Lehigh Valley?

Mr. INGHAM. Those furnaces were blown out under their old owners. They have been since sold and bought at low figures, and most of them are now in blast. Probably two-thirds of them are in blast now, in the hope of making money.

The CHAIRMAN. What proportion of the pig-iron furnaces were not operating last year in the Lehigh Valley?

Mr. INGHAM. I cannot answer that question. All the information has been published by the Iron and Steel Association. I can only give my impression derived from reading over tables of statistics. I think that about one-half of the iron furnaces in the Lehigh Valley were out of blast this last year.

The CHAIRMAN. And how do these pig-iron furnaces that were out of blast compare with those other furnaces that were in operation last year? Were there more furnaces out of blast than there were in operation?

Mr. INGHAM. That is not exactly the way to get at it, because furnaces vary so much in their productive capacity. Some furnaces make 150 and 200 tons of pig-iron a day, and some furnaces do not make more than 50 tons a week; but they are all classed as furnaces. I think that a greater portion of the larger furnaces are in blast now, and that the furnaces which are out of blast now are the smaller ones. How they compare with 1880 I cannot say. There have been great improvements in furnaces. In many cases furnaces which heretofore used to make 40 tons a day are now making from 60 to 80 tons a day.

The CHAIRMAN. Take a furnace that made 40 tons a day before and that makes 60 tons a day now; how does the force employed at such a furnace, then and now, compare? Is the force increased in the same proportion?

Mr. INGHAM. I should suppose so, as a rule. There are some new methods of dispensing with labor at furnaces by mechanical appliances; but I should say that a furnace making 60 tons a day of pig iron would require one-half more men than a furnace making 40 tons a day.

The CHAIRMAN. Then those improvements that you speak of do not save labor?

Mr. INGHAM. No; they only increase the yield. If you have got \$150,000 invested in a furnace, and you can make that furnace produce 100 tons a day, you have a better chance of getting some return on your investment than if it only produced 60 tons.

Mr. BRECKINRIDGE, of Arkansas. Do I understand you to say that a furnace which had yielded 60 tons, and which, by these improved processes, now yields 100 tons a day can be worked with the same number of men?

Mr. INGHAM. No; it would require more men to handle the material.

Mr. McMILLIN. But the increase of labor required is not in proportion to the increase of output, is it?

Mr. INGHAM. I should think it is.

Mr. McMILLIN. Do you require to have additional engineers.

Mr. INGHAM. In most cases the increase has been just that—putting in an additional engine.

Mr. BRECKINRIDGE, of Arkansas. Please to explain wherein lies the benefit you speak of from these improved processes.

Mr. INGHAM. I do not know that I called it a benefit; I only mentioned it as a fact.

Mr. BRECKINRIDGE, of Arkansas. Is it not an adjunct to the business?

Mr. INGHAM. Yes.

Mr. BRECKINRIDGE, of Arkansas. What is the improvement?

Mr. INGHAM. The improvement consists in getting more work out of the plant.

Mr. BRECKINRIDGE, of Arkansas. What is it?

Mr. INGHAM. We have discovered in the course of the last ten years that the amount of air blown into a furnace determines very much its productive capacity; that heretofore we had not had powerful enough engines nor sufficient hot-blasts to heat that air, for that is a very important point. The improvement I speak of consists in adding one or two engines and adding hot-blasts, so that instead of passing 1,000 cubic feet into a furnace, we now pass 20,000 feet; and, in that way, the productive capacity of a furnace is vastly increased.

Mr. HISCOCK. You require to have more men to handle the material—to feed the stack, &c.?

Mr. INGHAM. Yes. In a furnace producing 100 tons we require to have more men to handle the material than in one producing 60 tons.

Mr. HISCOCK. So that all the advantage is in the saving of capital?

Mr. BRECKINRIDGE, of Arkansas. The advantage is in increasing the yield, per furnace, rather than increasing the yield per hand?

Mr. INGHAM. I don't think there is any increase of the yield per hand.

Mr. KELLEY. I would like to ask you a question on a different subject. I have here a bill on which I find the name of the senior Senator from our State, which proposes to give to a Pennsylvanian and Belgian corporation the right to import, free of duty, and to put under an American register ten steamships, provided that they shall be not less than 2,500 tons burden each. I desire to ask you whether such an entering wedge for free ships would be of special benefit to the depressed iron industries of Pennsylvania at this time?

Mr. INGHAM. No; I should think it would be very injurious to them. A large

amount of English iron has been used up in building ships, and the English have overstocked the market with ships as well as with everything else. Of course, if we were to build iron ships it would take that much native iron to do it.

Mr. KELLEY. Do you think that this measure is in compliance with the general demand of the industrial interests of Pennsylvania?

Mr. INGHAM. I can only speak for myself, and I should say no.

Mr. KELLEY. I am only asking your opinion. You are a man of such affairs that you would be likely to know if there were any wild enthusiasm over it.

Mr. INGHAM. I do not know of any.

Mr. McMILLIN. Do you not know that these vessels are already built and plying to and from American ports?

Mr. INGHAM. I know it only from reputation. I know that Peter Wright & Sons are the owners and agents of these ships. But I do not know why they want to put them under the American flag. They are now under the Belgian flag.

Mr. McMILLIN. Then any change that is made as to this particular number of ships would not increase or diminish the demand for iron, because the ships are already built and running.

Mr. INGHAM. Certainly not.

Mr. KELLEY. If they were to go into our coastwise trade, what effect would that have?

Mr. INGHAM. Of course, they would take the place of so many American ships.

Mr. HISCOCK. Is there any way in which we can discriminate in favor of these ten ships that would keep out other foreign-built ships?

Mr. INGHAM. That is a subject of which I know but very little. I have thought a little on it, but I cannot see where you could make any distinction between Peter Wright & Sons' ships and the ships of any other line.

Mr. BRECKINRIDGE, of Arkansas (to Mr. KELLEY). Is it proposed that those ships shall go into the coastwise trade?

Mr. KELLEY. It is proposed that they shall have American registers issued to them, which would give them that right. It is proposed to overthrow the commercial system established by the Washington administration in its early day, and to open up our internal commerce to imported ships.

Mr. BRECKINRIDGE, of Arkansas. There is no limitation in the proposed bill as to where those ships shall ply?

Mr. KELLEY. No, sir.

Mr. MILLS. Is it not true that an American register applies only to foreign trade, and that an American enrollment of a vessel applies to domestic trade?

Mr. KELLEY. I think that an American register authorizes a vessel to engage in the coastwise trade.

Mr. HEWITT. Yes; I think that an American register would enable those ships to trade anywhere. (To Mr. Ingham): Will you be kind enough to tell us the kind of pig-iron that can be put on board at Glasgow at 40 shillings a ton.

Mr. INGHAM. I took 40 shillings a ton as the average. I have in my hand the cable quotations of the British iron market of the 24th of February last. "Eglinton, 40 shillings at Ardrossan. Middlesboro, No. 1, Foundry, at 35 shillings."

Mr. HEWITT. At what port?

Mr. INGHAM. At the shipping port.

Mr. HEWITT. That is Middlesboro and not Glasgow. That is the point which I wish to clear up. Scotch pig-iron is undoubtedly shipped at low rates of freight, from 1 shilling to 5 shillings.

Mr. INGHAM. I see freights to New York (presumably from Glasgow), 5 shillings to 10 shillings.

Mr. HEWITT. But the freights from Middlesboro to New York, I know, are equal to 10 shillings.

Mr. INGHAM. I never have imported that Middlesboro iron; and I only get my knowledge from the newspapers. I dare say you are correct.

Mr. HEWITT. Your answer was so positive when I asked you that question, that it was from Glasgow that the Middlesboro iron came, that I thought it necessary to correct it. I understood you to say that a considerable number of furnaces were out of blast in the Lehigh region. Are we also importing pig-iron from abroad at the same time that these furnaces are out of blast?

Mr. INGHAM. Not to any very great extent.

Mr. HEWITT. Is there not a considerable quantity of Bessemer pig-iron coming in all the time?

Mr. INGHAM. I do not know what the returns for the whole year were. I took it from the Treasury pamphlet prepared for the Committee on Ways and Means as to the effects of this bill, that there were about 154,000 tons of pig-iron imported last year.

Mr. HEWITT. As a matter of fact, orders for Bessemer pig-iron are going out now. I should like to have your opinion as to why this Bessemer pig-iron is not made in these idle furnaces in the Lehigh region instead of being imported.

Mr. INGHAM. I presume that it cost too much to make it on the Lehigh. Anybody could make it if it could be done at a profit.

Mr. HEWITT. If you had cheaper ore in the Lehigh region, you could make pig-iron cheaper?

Mr. INGHAM. Undoubtedly we could, if we had cheaper coal and cheaper labor.

Mr. HEWITT. Then, anything that adds to the cost of the ore adds undoubtedly to the cost of pig-iron, does it not?

Mr. INGHAM. Undoubtedly.

Mr. HEWITT. If the 75 cents a ton duty on foreign iron ore were removed, would we be able to get foreign iron ore cheaper?

Mr. INGHAM. I do not know about that. I think that the first effect would be that the foreign iron-ore man would put up his price 75 cents a ton. Eventually we would probably get it a little cheaper. Probably what is taken off in duty would be divided between the seller and the buyer. The foreign iron-ore man would have a little more profit and the buyer would pay a little less for the ore.

Mr. HEWITT. The foreign iron-ore men are offering to make contracts to deduct 75 cents a ton, if the duty be taken off.

Mr. INGHAM. I am not in that branch of the business, and I am not familiar with those facts.

Mr. HEWITT. If we were able to make pig-iron cheaper by removing the duty on iron ore (which would amount to \$1.50 a ton in pig-iron, more than covering the difference between the cost of pig-iron in the Lehigh Valley and the cost of importing it), then, instead of employing foreign labor and foreign furnaces to make Bessemer pig-iron, we would be employing American pig-iron, and we would be employing American labor, and American furnaces. Would not that be the effect?

Mr. INGHAM. Yes.

Mr. HEWITT. What is the ratio between the labor employed in iron ore and the labor employed in converting it into pig-iron? I mean what proportion does the labor in the ore bear to the labor of all other things in a ton of pig-iron?

Mr. INGHAM. If Mr. Hewitt will allow me to turn his question over to another member of the party who is more familiar with statistics (particularly with labor statistics), I will do so.

Mr. HEWITT. I will accommodate myself to your wish with pleasure, but you stated that the cost of American pig iron is chiefly made up of labor. I agree with you on that point. All of this labor is to be distributed. Some is in the ore, some in coal, some in transportation, and some in the actual money paid out for labor at the furnace. You are familiar enough with the cost of producing pig-iron to answer that question.

Mr. INGHAM. I should say, from my own knowledge, that when 7 and 8 cents a unit was the average cost of American ore at the furnace, out of that 7 to 8 cents, 6 cents at least, and probably more (possibly $6\frac{1}{2}$ cents), was in labor.

Mr. HEWITT. You misapprehend my question. My question was this, What proportion of the total labor cost in pig-iron is the cost of the labor that enters into the ore? What proportion is in the ore, and what proportion in other things?

Mr. INGHAM. That is what I was coming to. I say that, assuming that the labor in a ton of pig-iron is in the neighborhood of \$12 or \$13, \$6.50 of that is for the labor in the ore.

Mr. HEWITT. Then you think that one-half of the cost of pig-iron is for labor in the ore?

Mr. INGHAM. Yes.

Mr. HEWITT. Then, if we had foreign ore cheaper, so that we could set these idle furnaces in blast, as much labor as is now employed in mining iron ore could be directly employed in making pig-iron?

Mr. INGHAM. No.

Mr. HEWITT. You say that \$6.50 of the \$13 of the labor in pig-iron is in the iron ore. Therefore, if the furnaces were put in blast the remaining labor would be employed?

Mr. INGHAM. The furnace labor would be employed; but that would not double the amount of labor employed in iron manufactures.

Mr. HEWITT. You say that, in a ton of pig-iron, there is \$13 in labor, of which \$6.50 is in the ore, and \$6.50 in something else? If we should set our idle furnaces at work we would employ \$7 worth of additional labor in the country, which is now employed outside of the country, because we are importing pig-iron. If that be so, could we not set these idle furnaces to work and employ labor by getting foreign ore at less price?

Mr. INGHAM. No, sir; we might set some of the idle furnaces at work. But, in the first place, foreign ore is not brought exclusively to make Bessemer iron.

Mr. HEWITT. But most of it is?

Mr. INGHAM. I do not know that. We would put out of work a number of mines that are now mining ore which is not Bessemer ore; and a large amount of this foreign ore is not Bessemer ore.

Mr. HISCOCK. Then it would not only strike at the Bessemer ore mining business, but at the mining generally of all other ores?

Mr. INGHAM. Certainly it would.

Mr. HEWITT. Can you tell me, from your knowledge as a miner of iron ore in New Jersey, and as a maker of pig-iron, at what cost per ton, on the average, you deliver the ore which you use at your furnace?

Mr. INGHAM. You mean the cost of the ore delivered at the furnace?

Mr. HEWITT. Yes; because I know that the furnaces which you represent are favorably situated for getting ore.

Mr. INGHAM. The ore costs us about \$7 a ton of iron.

Mr. HEWITT. And about how much to the ton of ore?

Mr. INGHAM. We use about $2\frac{3}{4}$ tons of ore to one ton of iron. Our ore is lean—about 36 per cent. ore.

Mr. HEWITT. At what furnaces are you running this 36 per cent. ore?

Mr. INGHAM. At the furnace of the Rockhill Iron and Steel Company.

Mr. HEWITT. Then your 36 per cent. ore costs you \$2.40 per ton in round numbers?

Mr. INGHAM. It costs us \$2.50 on the average. That would be the average price, making about 7 cents a unit.

Mr. HEWITT. Can you tell us the price at which foreign ore is now sold per unit?

Mr. INGHAM. I do not know now. It was offered to me in abundance last fall (not Bessemer, but some other ore) at 8 cents a unit at Philadelphia. That would make it cost about 10 cents when it comes to our works. But I think it is higher now.

Mr. HEWITT. About what percentage was this ore that was offered to you?

Mr. INGHAM. I think about 50 per cent.

Mr. HEWITT. Then, at 50 per cent. of richness, that ore would amount to about $7\frac{1}{2}$ cents a unit?

Mr. INGHAM. Yes.

Mr. HEWITT. So that if you take $7\frac{1}{2}$ cents a unit of these ores, it brings them down to what price?

Mr. INGHAM. At the prices of last fall, to $6\frac{1}{2}$ cents a unit.

Mr. HEWITT. Then what does it cost to deliver that ore at your furnace from Philadelphia?

Mr. INGHAM. In the neighborhood of 2 cents a unit.

Mr. HEWITT. And you are now getting it for 7 cents a unit. How then would it interfere with the use of your ore?

Mr. INGHAM. It would not hurt us a bit, but it would hurt our neighbors very much.

Mr. REED. I suppose the removal of the duty on iron ore would be for the benefit of tide-water iron works, but not for the benefit of furnaces west of New York.

Mr. INGHAM. Some of the higher grades of foreign ore could be carried as far west as Pittsburgh, but I suppose that Harrisburg would be about as far west as it would generally go.

Mr. REED. Then, this proposition to take the duty off iron ore is for the benefit of tide-water furnaces?

Mr. INGHAM. I think so.

Mr. REED. And not for the benefit of furnaces farther west?

Mr. INGHAM. Two of the great steel concerns, the Lackawanna Iron and Steel Company and the Pennsylvania Steel Company, at Harrisburg, have recently invested about a million dollars in the Island of Cuba, and are getting fine ore from there. The removal of the duty on foreign ore would benefit them, because they would get their ore 75 cents a ton cheaper.

Mr. REED. Mr. Hewitt, who is desirous, as the rest of us are, to encourage the iron business, has suggested to you whether it would not be advantageous to have the 75 cents a ton duty on iron ore taken off; whether that would not set the pig-iron furnaces at work. Would not the laborers in the mines and the laborers in the pig-iron furnaces both be set at work if the tariff on pig-iron were raised, as you suggest in your statement?

Mr. INGHAM. That would ultimately be the effect.

Mr. REED. It would set both the miners and the furnace laborers at work?

Mr. INGHAM. Yes.

Mr. REED. So that while Mr. Hewitt's plan would only keep us in the same position as we are now, your plan of raising the duty would add materially to the employment of labor in the country, would it not?

Mr. INGHAM. Yes.

Mr. HISCOCK. What effect would free coal have upon the iron business?

Mr. INGHAM. It would not have any effect in my neighborhood.

Mr. HISCOCK. Would it have any effect anywhere?

Mr. INGHAM. I do not know. There would be a point somewhere along the coast, between Boston and Eastport, where the Nova Scotia coal would meet the Pennsylvania and Maryland and Virginia coal. Where that point would be I cannot exactly

say. The Nova Scotia coal might come as far as Boston. At the port of Galveston the cotton ships, coming in empty, would bring cargoes of coal, although there is very little market for it there, and the market in that region is already glutted with coal brought in as ballast.

Mr. HISCOCK. There is no reason why, if we make foreign ore free, we should not also make coal and everything else free.

Mr. INGHAM. No; they stand upon the same basis. If I were a manufacturer of Bessemer pig iron I should be glad to have my ore 75 cents a ton cheaper, and I would then stand a better chance to make money.

Mr. REED. In other words, you could frame a tariff which would help your mills and hurt others?

Mr. INGHAM. Yes; very sensibly.

Mr. HEWITT. Is there an adequate supply of Bessemer ore east of the Alleghenies to run those furnaces and make Bessemer iron?

Mr. INGHAM. I think there is no doubt about it. There is the great Cornwall deposit, which has never been more than touched on the surface, and which would supply all the ore for Bessemer iron that the country will need for years.

Mr. HEWITT. Why do they not do it, for they are ready to sell all the ore that anybody will buy from them, and to sell it at lower rates than the foreign ore?

Mr. INGHAM. I suppose they could not get enough for Bessemer iron, after it was made, to pay for the expense of doing it.

Mr. HEWITT. If there is an adequate supply of Bessemer ore there, and if these people are ready to supply it at lower prices than the foreign ore, it is very astonishing that the foreign ore comes in in such enormous quantities.

Mr. INGHAM. The Cornwall people shut down on the 1st of January, and would not take another order.

Mr. HEWITT. Then there is a limit to their supply of Bessemer ore?

Mr. INGHAM. They have not the appliances for getting it out; but the ores are there.

Mr. HEWITT. I only ask if an adequate supply of Bessemer ore can be got east of the Alleghenies?

Mr. INGHAM. I did not say that the Cornwall deposit was available to-morrow. I only say that the ore is there and can be got out if they establish the plant for the purpose.

Mr. HISCOCK. I suppose that any company, under the threat of Congress that ore is to be put upon the free list, would not spend much money on plant to get out ore?

Mr. INGHAM. No, sir.

Mr. HEWITT. The plant at Cornwall can be supplied very cheaply.

Mr. INGHAM. When I was there last summer they had the most splendid air compressor I ever saw, and some twenty-five or thirty rock drills working that compressed air.

Mr. HEWITT. Is there any trouble in getting rock drills?

Mr. INGHAM. No, sir.

Mr. HEWITT. What do you estimate to be the actual cost of Cornwall ore put upon the cars?

Mr. INGHAM. I should say they can put that ore on the cars for from 50 to 75 cents a ton.

Mr. HEWITT. And the lowest price of foreign ore is 9 cents a unit.

Mr. INGHAM. Yes.

Mr. HEWITT. Therefore, I take it, the foreign competition does not interfere with the Cornwall ore?

Mr. INGHAM. I do not suppose it does.

Mr. HEWITT. Can the Cornwall ore be used in unlimited quantities for making steel?

Mr. INGHAM. I believe it cannot.

Mr. MILLS. What is the cost of mining a ton of iron ore; I mean what is the labor cost?

Mr. INGHAM. We pay from 80 to 90 cents a day.

Mr. MILLS. I am talking about the cost per ton; how much does the labor of iron ore cost per ton?

Mr. INGHAM. That is a pretty difficult question to answer. We have about twenty-five or thirty different ways of getting at the ore. Where you go into the hillside and shovel out the ore, there the labor costs about 50 cents a ton; but where you have to go 200 feet under the crest, as we do in one of our mines, it costs us about \$1.25 a ton. The cost varies in that way.

Mr. MILLS. If you have the limestone, the ore, and the coal, and other materials, how much do you pay in labor for producing a ton of pig-iron, having all the materials on the ground?

Mr. INGHAM. You mean what we call furnace labor?

Mr. MILLS. I mean any labor you put into it after having the materials at the furnace.

Mr. INGHAM. It costs in the neighborhood of \$2 a ton. The cost varies from month to month.

Mr. BRECKINRIDGE, of Arkansas. This plan spoken of by Mr. Reed to increase the rates of duty on iron ore would not give relief to the sea-board furnaces, would it?

Mr. INGHAM. I think it would.

Mr. BRECKINRIDGE, of Arkansas. They are seeking for ore, are they not?

Mr. INGHAM. No; not all of them. We have gentlemen here to-day who are using foreign ore, and who do not want the duty taken off.

Mr. BRECKINRIDGE, of Arkansas. You have spoken of foreign ore not coming into competition with domestic ore beyond a certain point west, which you have fixed as Harrisburg.

Mr. INGHAM. Yes. There is a point somewhere at which it would not pay to haul foreign ore from the sea-board. Probably Harrisburg is about the place.

Mr. BRECKINRIDGE, of Arkansas. That imported ore would not come into competition with you very far in the interior, even if it were free of duty?

Mr. INGHAM. It might compete with us in this way: if it enabled our competitors in the market to make their iron 75 cents a ton cheaper, they would undersell us, and it would affect us in that way, although it would not affect us directly as to ore.

Mr. HEWITT. I thought you stated a little while ago that cheap ore would affect your neighbors badly?

Mr. INGHAM. I mean my neighbors a little farther west.

Mr. BRECKINRIDGE, of Arkansas. I presume that the same freightage which prevents your competing with foreign ore on the sea-coast, would prevent foreign ore competing with you at considerable distances west from the sea coast?

Mr. INGHAM. Yes. Up to a certain point the freight rate is a tariff. When you get out as far as Saint Louis, I think the freight from New Orleans to Saint Louis will be found not so much protection as some of the Western iron men think. But as to rail freight, you can tell about what it will cost you to transport a ton of ore; and there is a certain point when the freight becomes a tariff.

Mr. BRECKINRIDGE, of Arkansas. Then foreign ore, even if free of duty, would not be consumed very extensively in the West?

Mr. INGHAM. I do not know about that. There is a very fine body of ore in Canada which might go to take the place of the Michigan ore.

Mr. MCKINLEY. And there is a great demand for that sort of ore on this side of the line over from Canada, is there not?

Mr. INGHAM. Yes.

Mr. HISCOCK. So far as ore is concerned, how near is our own domestic ore situated with reference to the great iron centers (I mean where iron is consumed), or is the domestic ore scattered and diversified?

Mr. INGHAM. The largest body of ore we have is in Michigan and Wisconsin, and that, you know, is very remote from market; but I may say that all through Pennsylvania, Maryland, New Jersey, New York, Virginia, North Carolina, Tennessee, Alabama, and Georgia there are ores to be found in great abundance (not inexhaustible, but sufficient to last for a number of years), and the problem with iron men is whether they shall put their furnace alongside of the ore beds, and carry the coal to it and carry the production of the furnace to market, or whether they shall put their furnaces near to the market and bring the ore and the coal to the furnaces. That is a problem which every man solves according to his own judgment, and after it is done he generally finds that it should have been done the other way.

Mr. HISCOCK. The Michigan ore is very near water communication to Chicago, is it not?

Mr. INGHAM. Yes.

Mr. HISCOCK. The point of my question is whether there is any special belt of country which has practically got the monopoly of ore, so that, unless we have free foreign ore, the men in your line of business in Pennsylvania would have a monopoly of the iron trade, or whether the ore is so scattered that the iron industry can be scattered all over the country.

Mr. INGHAM. With the exception of Florida I do not believe there is a State in the Union where iron cannot be made, and the question is merely whether it will pay to make it.

Mr. HISCOCK. And at those points it is so situated inland that the furnaces would not be very likely to use the foreign ore; and the result of maintaining a suitable tariff on foreign ore would be to develop the ore industry and the iron industry in more States than have those industries to-day, and give more strength to them in the States where they have already started?

Mr. INGHAM. Unquestionably. In talking to me on the subject of ore, you are simply anticipating the gentlemen of the ore association who wish to be heard here to-day, and who can give you more information about it than I can.

Mr. REED. There is one question which I would like to ask you about foreign ore;

a question that is in your own line. If the sea-board furnaces or mills get foreign ore free, that would enable them (if it had any effect) to drive you out of certain markets towards the East, would it not?

Mr. INGHAM. I think so.

Mr. REED. And if you were driven out of these markets, you would sell less iron?

Mr. INGHAM. Yes.

Mr. REED. And if you sold less iron, you would use less of the American ore?

Mr. INGHAM. Yes.

Mr. REED. Consequently, this foreign ore, even if used only in the Eastern States, would drive out so much domestic ore?

Mr. INGHAM. Certainly.

Mr. HEWITT. Do you not make pig-iron yourself in a sea-board State?

Mr. INGHAM. Yes. Although we are near the base of the Allegheny Mountains, still I think that it may be said that we are in a sea-board State.

Mr. HEWITT. And if there was free ore and free coal, furnaces might be established in the State of Maine, and the people of that State, who are now (under the tariff act) prohibited from making pig-iron because they cannot have free coal and free ore, could make pig iron?

Mr. INGHAM. I do not know about that.

Mr. HEWITT. Either they would make pig-iron in Maine or they would not, and if they did not make pig-iron then you would not be driven out of that market?

Mr. INGHAM. I believe they do make pig-iron in Maine.

Mr. HEWITT. Yes; at the Katahdin works; and a good many fortunes have been sunk in the attempt.

Mr. McMILLIN. Is not the competition with you, at the present rate of tariff, as strong from Tennessee and Alabama, in the classes of iron which they make at Chattanooga and Birmingham, as it is from abroad?

Mr. INGHAM. When they first started making iron in Alabama they were shipping iron to the North and West, and selling it at what we considered ruinous prices. They persevered in that for perhaps a year, and then they discovered themselves that the prices were ruinous, and they stopped it.

The CHAIRMAN. They learned the tricks of the trade.

Mr. McMILLIN. Did they not join the association and lock shields?

Mr. INGHAM. There is no locking of shields in the pig-iron business. Every man is for himself.

Mr. McMILLIN. Is it not a fact that a good deal of their production last year was sold in Boston, Philadelphia, and New York, and a good portion in Pittsburgh?

Mr. INGHAM. Yes, undoubtedly.

Mr. BRECKINRIDGE, of Arkansas. You say that there is no locking of shields in the pig-iron business. Have there not been meetings of representatives of different furnaces to limit the production of pig-iron throughout the country?

Mr. INGHAM. There was an attempt of that kind some years ago out West, I believe.

Mr. BRECKINRIDGE, of Arkansas. I mean some months ago, or last year.

Mr. INGHAM. There was an attempt made at Pittsburgh, but it did not amount to anything.

Mr. MCKINLEY. Do you know whether the Alabama and Tennessee iron makers wish to have free iron ore or not?

Mr. INGHAM. They tell me that they do not, and the Virginia iron makers say that it would ruin the development of the ore business in that State.

STATEMENT OF MR. GEORGE B. WIESTLING.

Mr. GEORGE B. WIESTLING, chairman of the committee of the United States Association of Charcoal Iron Workers, of Mont Alto, Pa., next addressed the committee. He said:

Mr. Chairman and gentlemen of the committee: I have the pleasure to appear before you as chairman of the committee appointed by the United States Association of Charcoal Iron Workers, with instructions to present their protest against House bill No. 5576.

The United States Association of Charcoal Iron Workers, an organization extending throughout most of the States and Territories, and embracing in its membership a large majority of the producers and users of charcoal iron, respectfully present the following.

(1) The charcoal iron industry is more widely distributed than any other branch of the iron business, being in existence in twenty-three States and two Territories, the most prominent producers being in order: Michigan, Alabama, New York, Tennessee, Pennsylvania, Missouri, Wisconsin, Ohio, Connecticut, Virginia, and Maryland.

(2) More labor is directly employed per ton of product in the charcoal iron indus-

try than in any other single branch, and this labor is of a diversified kind, being engaged in mining ores, chopping wood, making charcoal, reducing the ores in furnaces or forges, working iron into blooms, slabs, billets, bars, rods, castings, &c., in forges, mills, foundries and shops.

(3) The reductions made in customs duties by the tariff revision of 1883 has materially injured the charcoal iron industry, and in some specialties it has been so crippled that works are idle and must remain so until relief is given by higher duties, or until American labor is reduced to the basis of that in foreign countries.

(4) While naturally sympathizing with any depression of the iron business, a special effect of reductions in duties upon the charcoal iron industry is evident from the percentage of decrease in charcoal pig-iron production as compared with the total make of pig-iron.

From 1878 to 1883 the percentage of increase for the total pig-iron production was 101 per cent., and during the same period the production of charcoal pig-iron increased 138 per cent., indicating a determination to keep abreast of the times and utilize all economic methods.

In 1883 (the year of tariff revision) the total pig-iron production was increased 6.6 per cent., but the output of charcoal pig-iron was less than in 1882 by 18 per cent.

In 1884 the charcoal pig-iron production decreased 19.8 per cent., and in 1885 12.8 per cent.

The decrease in the three years since the adoption of the present tariff is as follows: Total pig-iron, 12.5 per cent.; charcoal pig-iron, 42.7 per cent.

Such a marked decline cannot be accounted for by general business depression. But allowing liberally for this, as well as for any possible loss in specialties of domestic manufacture affecting the production of charcoal pig-iron, we assert that the tariff of 1883 has caused a decline of output in the manufacture of charcoal iron much greater than in pig-iron made with mineral fuel.

(5) That the industry has been well sustained by those engaged in it and that the decreased production is not due to timidity is evident from the increase of stocks, for on January 1, 1883, the stock of charcoal pig-iron represented 27.5 per cent. of the total pig-iron in makers' hands, and this proportion has steadily increased until on January 1, 1886, it represented 55.8 per cent. of the total stock, and more than half of the product of charcoal pig-iron in 1885.

(6) The wide distributions of the charcoal pig-iron industry commands attention from Congress, and the possibility of foreign iron being brought close to most of the furnaces by vessels entering the ports of the Atlantic, Pacific, or Gulf, or through the Mississippi jetties, the Welland Canal, and our great river and lake system (thus practically opening any market in the country by reduction of tariff) demonstrates that protection is in no sense local, but strictly national.

(7) The steadily increased production of charcoal blooms was checked by the interpretation of the tariff of 1883, which admitted foreign wire rods, steel blooms, &c., at low duties, and since that time the decline has been so rapid that less than one-half the quantity of charcoal blooms was made in 1885 than was produced in 1882.

(8) Notwithstanding the severe injury done by the tariff of 1883 to the charcoal industry, the manufacturers have borne the burden rather than disturb business by appealing for relief to Congress and encouraging another tariff discussion. They have in many cases continued their business at a loss, giving employment to those depending upon them, and hoping that Congress would at least prevent any further agitation of the subject.

We therefore respectfully and firmly protest against any further reduction of duties; on the contrary, we ask that duties equivalent to those in existence prior to the year 1883 be re-established, and we especially urge that all duties be made specific.

We also urge your committee to report such duties as will encourage the manufacture from American iron of tin plates, of which over 200,000 tons are annually imported.

We make this protest not solely as a protection to capital, but also as a duty to the many thousands of mechanics and laborers dependent upon the industries we represent.

An examination of the facts will demonstrate the injury already done to our industries, and show that any further reduction of duties will be at the sacrifice of American labor.

Mr. HEWITT. You state that the reduction of charcoal pig-iron has amounted to 42 per cent. since the passage of the tariff of 1883. What was the reduction of duty on charcoal pig-iron in the tariff of 1883; how much per ton was the duty reduced?

Mr. WIESTLING. It was reduced 28 cents a ton.

Mr. HEWITT. And your impression is that that reduction of 28 cents a ton on charcoal iron has caused the production of charcoal iron to fall off to the extent of 42 per cent.?

Mr. WIESTLING. No, sir.

Mr. HEWITT. What, then, did cause it?

Mr. WIESTLING. It was caused not only by the reduction of duty on pig-iron, but as we state in the protest, by the reduction of the duty on all forms of iron—wire rods &c. Even the reduction of the duty on steel ingots and steel blooms affected us most seriously.

Mr. HEWITT. Are you aware that in the tariff of 1883 charcoal iron is made to pay a duty of \$22 a ton?

Mr. WIESTLING. Yes, sir.

Mr. HEWITT. Why does not that give relief?

Mr. WIESTLING. Because the interpretation of the Treasury makes that null and void.

Mr. HEWITT. Do you mean to say that there is no enforcement of the law?

Mr. WIESTLING. No; but there are subsequent clauses in the tariff and the interpretation given by the Treasury Department makes that of no service at all to the charcoal industry.

Mr. HEWITT. You speak of a want of market for charcoal pig-iron caused by the substitution of steel blooms.

Mr. WIESTLING. Yes, sir.

Mr. HEWITT. Is it your idea that the duty on steel blooms is not sufficiently high?

Mr. WIESTLING. That is it.

Mr. HEWITT. Suppose we raise the duty on foreign steel blooms, would that raise the price of domestic steel blooms?

Mr. WIESTLING. I think so.

Mr. HEWITT. Are American works prepared to supply the place of all the foreign blooms? In other words, are foreign blooms coming into this market?

Mr. WIESTLING. I think so.

Mr. HEWITT. Then you are mistaken. The American steel mills are taking orders for blooms and billets at lower rates than they can be brought in from abroad.

Mr. WIESTLING. That may be so. I am a manufacturer of blooms as well as of charcoal pig-iron, and, in going recently to a mill which I have been furnishing with more or less charcoal blooms for forty years, the proprietor brought me to a pile of foreign blooms and said he was using them exclusively.

Mr. HEWITT. How long ago is that?

Mr. WIESTLING. Within the last month.

Mr. HEWITT. I am a maker of blooms, and I have been compelled to substitute steel for charcoal iron, because steel blooms are better and cheaper than charcoal iron blooms. But in the course of the year I have found American mills ready to supply every ton of steel billets and blooms that we want. However, I cannot see how raising the duty would benefit the manufacturers of charcoal iron.

Mr. WIESTLING. I do not wish to question your judgment as to the preference which you give to steel blooms over charcoal-iron blooms. I do not know that steel is better, although it certainly is cheaper.

Mr. HEWITT. For some limited purposes; not for all purposes.

Mr. WIESTLING. The fact is simply this, that there is no physical test, there is no chemical test, that can discover one iota of difference between low steel and the best charcoal iron. It has been the aspiration of steel, from its earliest introduction, to approximate in quality to charcoal iron; and the friends of steel say that it excels charcoal iron. We are willing, of course, that other people shall think their wives the prettiest; but we think that charcoal iron is much better than steel.

Mr. HEWITT. But steel has been steadily gaining over charcoal iron in the iron works, simply because the article of steel is cheaper, and, as a rule, better. There are only some instances in which steel is not successfully applied (for instance, in the making of wood screws); but I scarcely know anything else in which steel is not substituted for charcoal iron. My object is simply to get at the fact that the real difficulty of the charcoal-iron makers (of whom I am one) is that we are driven out by another article which is cheaper than the article which we make, and which, I am sorry to say, is for most purposes better.

Mr. WIESTLING. I have no objection that that shall go on the record of the committee as being your testimony, but not mine. It was the same way when puddling was discovered. It was said then that it would wipe out charcoal-iron works, as saving so much labor. But yet I claim that the reduction of the duty on steel affected charcoal iron and opened the market to foreign charcoal blooms. The mill which I represented, and which made horseshoe bars and nail rods, is completely wiped out of existence.

Mr. MCKINLEY. Why not correct that trouble in the tariff?

Mr. HEWITT. It is not within the power of man to correct it, because steel has driven the charcoal iron out, and steel now has got the market.

Mr. MCKINLEY. If you will give us at this end enough votes, we will try and correct it.

Mr. HEWITT (to Mr. Weistling). Is there not a steady diminution of puddling furnaces all over the country?

Mr. WEISTLING. Yes; in view of the use of steel.

Mr. HEWITT. Steel has driven out the puddling furnaces.

Mr. WEISTLING. Yes, sir. In the manufacture of charcoal blooms the pig-iron or the metal is taken and put on top of charcoal and melted, and as those drops of molten iron pass down into the hearth, they are intercepted by the blast, by which they are oxidized, decarbonized, and refined. Every drop of it is acted on. Now, in the manufacture of steel, all this molten metal is put in a converter in a mass, and the same identical air (the free air of heaven) is blown through the whole mass, and the whole thing is converted in that way. The processes are different in this respect, that the one requires charcoal and the other can be done with any of the base fuels. One is done drop by drop, and the other is done in the mass. We have sold Mr. Hewitt many a ton of charcoal pig-iron.

Mr. HEWITT. And you got paid for it, I suppose?

Mr. WEISTLING. Yes; we got paid for it.

The CHAIRMAN. I gather from your statement that about the only free thing that there is connected with this steel and iron industry is the air.

Mr. WEISTLING. Yes; everything else costs labor.

Mr. HEWITT. And if you could put a prohibitive duty on the air, and compel the manufacturers of Bessemer steel to pay that duty, it would help the charcoal iron makers very much, would it not?

Mr. WEISTLING. O, Lord! If the air came from Europe, I would say, tax it. [Laughter].

Mr. HEWITT. How do you know that you are not breathing a good deal of European air?

Mr. WEISTLING. I am afraid I am breathing it; I feel it here. [Laughter.]

Mr. KELLEY. I should like to know which of the two, charcoal iron or steel blooms, we are to class as the metallic oleo-margarine?

STATEMENT OF MR. GEORGE H. ELY.

Mr. GEORGE H. ELY, of Cleveland, Ohio, dealer in iron ore, next addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: I notice that in the discussion when Mr. Ingham was addressing the committee some of the points to which I wish to allude were touched upon. Still I will refer to them as I go along. I presume the committee would prefer to have a formal written statement submitted, and to have it go upon the record of the committee; but I came to Washington a long distance expressly for the purpose of talking to this committee, and I had not time to prepare a statement. Besides, I have another reason for not doing it, and that is that I have already made some contributions to the records of the Government on this subject, and have here (from which I will read a few extracts) a letter which I addressed to Secretary Manning a few months ago in reply to his letter of July relating to the iron industry.

Gentlemen, the mining of iron ore in the United States is very widely distributed. It is carried on practically all over the United States east of the Mississippi River. Of course, there is iron ore west of the Mississippi, but from present appearances it will be slow of development in that part of the country. We have representatives here from those different mining localities; we have representatives here from the Chateaugay Iron-ore Company; from Northern New York; from the Port Henry Mining Company at the lower end of Lake Champlain; representatives from New Jersey ore producers, Pennsylvania ore producers, Virginia ore producers, Missouri ore producers, and, lastly, from the Lake Superior iron region; and having been myself identified for a good many years with this business, I shall say more to you on the subject of iron ore than any of the other gentlemen have said, inasmuch as the Lake Superior iron region contributes one-third of the total iron ore mined in the United States, which goes into pig-iron in the United States.

According to the statistics of the Iron and Steel Association, which are published here in a document by the Department of the Interior [exhibiting it], it is estimated that last year the production of iron ore in the United States amounted to 7,700,000 tons. Unquestionably the production was nearly another million more than that, perhaps eight and a half millions altogether, because all of these mining productions are not gathered into these statistics. The quality of iron is a very varying one. Some iron ore has been testified to before the committee as being used in Pennsylvania, that only yields 30 per cent. of metal. Some iron ores are capable of making Bessemer steel, and others are not. The latter go into mill and foundry iron. Ores from other sections of the country (I refer now particularly to the Missouri and Lake Superior ores) have a very much larger percentage of metal. I sold iron ore myself last sum-

mer, guaranteeing a yield of 67 per cent. of iron in the furnace, taking my risk of the sale on that guarantee.

The iron business, gentlemen, is one which cannot be practically carried out on a large scale without the passage of a good many years' time, and without a perpetual expenditure of capital to restore wasted property. I have reference now to the Lake Superior region; and here, perhaps, I will take the liberty of reading some extracts from my letter of last fall to Secretary Manning. I do not know whether this document has been transmitted to Congress or not. I received a letter from the Secretary asking my permission to transmit it, and I replied that it was our case, and that I hoped he might send it. I read:

"I have stated, Mr. Secretary, that American ore production is fully abreast of the wants of the manufacturers. This, however, has been secured only through the determined and persistent efforts made in every part of the country to develop our mineral resources.

"The present annual production, about 10,000,000 tons, has been reached only by enormous outlays of capital, over long periods of time, and with all the risks involved in an occupation so precarious as mining.

"It has been said that iron ore is 'simply an earth,' having no labor upon it except that of digging it out. But every intelligent man must know that large outlays of capital are necessary before the laborer can begin to dig out ore, and that every step in his process of digging involves an additional expenditure. Shafts must be sunk, and costly hoisting machinery provided before mining on an extensive scale can begin; and once begun, every foot traversed requires expensive timbering for the support of the mine roof. This also must be constantly kept in repair and renewed. The cost of timbering alone, in the Menominee Mining Company's mines, was stated by President Vandyke, before the Tariff Commission, to be \$1 per ton on ore produced. In addition to all this, there is the cost of powerful explosives and pumping machinery. All this is quite different from 'simply digging out an earth.'

"Again, the capital invested in mining, it must be borne in mind, is planted on that spot *forever*. There it wastes and finally disappears. Ore mining, too, is always more or less an experiment. In a single week the ore may become so mixed with rock as to be worthless, or it may be worked out entirely and the pick of the miner strike a solid wall of rock. But beyond the preparations for and the cost and the risk of mining, come the enormous cost of railroads and vessels built solely for ore transportation. This capital, too, like that in mine machinery and timbering, takes all the risk of waste and final destruction, when either the mine has become exhausted, or when its market, as in case of being displaced by foreign ores, is destroyed.

"The extent of these necessary appliances for transportation by land and water will be better appreciated if we bear in mind that, while in Great Britain the average distance which ore, coal, and limestone are carried to the furnace is 40 miles, the average distance carried of these materials in the United States is about 400 miles.

"The Lake Superior mines furnish about one-third of the ore for the pig-iron production of the United States. The capital employed in mining is estimated to be—

In the Marquette district	\$33, 000, 000
Menominee district.....	18, 000, 000

Total.....	51, 000, 000
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Fifteen thousand men are directly employed in mining, and these districts support 50,000 people.

Three railroads leading from the mines to the lake shipping ports, Marquette, Escanaba, and Saint Ignace, built almost exclusively for ore transportation, are using in this ore transportation exclusively.....	19, 325, 000
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The capital in vessels and steamers on the lakes for ore transportation is.....	6, 000, 000
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The capital used by four railroads, exclusively for ore transportation, from the harbors of Cleveland, Ashtabula, and Erie, to furnaces in Ohio and Pennsylvania, is	5, 152, 807
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	81, 477, 807
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Here are some estimates of the two districts which have been opened since I obtained those figures. The estimate for the Gogebic district in Northern Wisconsin, which has been just opened, and from which railroads have been built, and the estimate for the Vermillion district in Minnesota, show an outlay for mines and railroads of \$8,500,000, making a total outlay for the Lake Superior mines of \$89,977,000. I quote again from my letter to the Secretary:

"Here, then, in the Northwest alone, in various connected, dependent departments, combined and organized to the single end of utilizing its mineral deposits for the necessities of our iron and steel industries, is the vast aggregate of nearly ninety millions dollars, and it is permanently invested. Withdrawal of it elsewhere is im-

possible; it must live and prosper or it must perish where it is. This vast combination of mining and transportation appliances has reached its present magnitude only through slow accretions. The seed was planted thirty-five years ago in a wilderness. It has come to fruition, as in many another instance of material development on a grand scale, with all the alternations of success and failure, and with the usual concomitants of individual loss and disaster.

"But what of the labor employed? From the nature of the business, the mining and transportation of a product in which value is greatly disproportioned to the tonnage involved, the labor permanently employed is proportionately larger. From the first tap of the drill and the first stroke of the pick in the mine to the charge at the tunnel head, 500 to 1,000 miles distant, all is labor, and it is the labor of American citizens. Their wages are represented by the comfortable homes, in thriving villages, at every group of mines in the forest; and their schools and churches and other accessories of our American social life, reveal the difference in the wages paid in American ore production and those paid in Spain, Africa, and Cuba. But ore mining in New York, New Jersey, Pennsylvania, Virginia, Missouri, and the Southern States is carried on under similar conditions as on Lake Superior.

"It is a very serious question whether that vast aggregate of capital employed in this business, with all the labor occupation involved, in every part of the United States shall be exposed to waste and loss through the recognition in our tariff laws, in any degree, of a theory so impracticable and unjust as *free raw materials*. Shall not American labor in the mine, in constructing and operating the railroad, and in sailing the ship on the transportation route, be protected equally with that at the furnace and at the loom?"

The CHAIRMAN. We have already all that statement before us.

Mr. ELY. I beg your pardon; but perhaps I would say the same thing if I did not read it.

The CHAIRMAN. If you prefer to read it, go ahead.

Mr. ELY. I do not wish to weary the committee, but I think I have written it better than I can say it.

The CHAIRMAN. I suppose other gentlemen on the committee have read it. I have read it very carefully.

Mr. ELY. I will read two more paragraphs (reading):

"From the foregoing may be deduced some obvious conclusions: First. Deposits of American ore are practically unlimited in extent, and of every variety of chemical constitution, suitable for steel as well as iron. Whatever, therefore, may be true as to any necessity for the importation of the crude material of any other industry, no necessity for importation exists in this case.

"Second. Under a duty fully protective home consumption can be relied upon to meet the wants of our iron and steel manufactures with every variety of ore at the lowest cost consistent with fair wages to American labor. Reliance upon importations would be dangerous and impossible. American ore can never be exported. It is entitled to the home market."

I desire to call the attention of the committee for a moment to the Lake Superior country, and to show how we have to transport the ore from 1,000 to 1,500 miles. The question has been raised about there being a sufficient supply of Bessemer ore, especially on the Atlantic sea-board for making the needful amount of Bessemer iron. There is no trouble whatever, even on the Eastern sea-board itself. It is only a question of price. The Pennsylvania Steel Company and the Bethlehem Steel Company buy foreign Bessemer ore. They do so simply because they can get it cheaper. Why is it cheaper? It is cheaper because it is produced by labor in Spain and Cuba, where the wages are only from 35 to 45 cents a day, while we pay from \$1.25 to \$1.75 for mining American ore.

I have documents here showing the adequacy of supply of American Bessemer ore, and on the Atlantic sea-board, too. Two years ago Mr. William E. Smith, of Plattsburgh, N. Y., addressed an inquiry on that subject to the owners of a large number of mines in New York and New Jersey. The questions he asked were, first, as to the alleged necessity of the importation of foreign ore on account of the lack of American ore for Bessemer purposes. He received in reply a letter from Mr. James A. Burden, of Troy, N. Y., addressed, under date of October 9, 1882, to Hon. Smith M. Weed, of Plattsburgh, N. Y., as follows:

"DEAR SIR: I am in receipt of your letter asking for my views about an increase upon the present rate of duty on iron ore. You refer to statements made by certain parties that there is an insufficient supply of iron ore in the United States, east of the Allegheny Mountains, suitable for the manufacture of Bessemer steel to meet the requirements of the Bessemer steel works located in this section of the country. I venture to say that the authors of this statement have arrived at this conclusion without sufficient investigation. I regret I have not the time to enter into a full review of all the Bessemer ore deposits of the East. I think, however, it will be sufficient if I show to you, as I shall endeavor herein to do, that one Eastern ore com-

pany alone is able to supply far more than all the ore required, excepting for spiegel-eisen, by all the Bessemer steel works east of the Allegheny Mountains. I refer to the Chateaugay Ore and Iron Company. The mines of this company were first discovered about the year 1864, and mining operations were commenced on a small scale in the year 1869. The quality of the Chateaugay ore for Bessemer purposes and high grade steel is unsurpassed by any imported or native ores used in the production of Bessemer steel in the United States. It is very low in phosphorus. Frequent determinations of phosphorus made in the chemical laboratory of our works, show an average of this element in the Chateaugay ore used by us during the past twelve months, to be $\frac{2.00}{10000}$ of 1 per cent., and the average of phosphorus in the whole production of the Chateaugay mines, as shown by the determinations of the Chateaugay company's chemist during the same time, is $\frac{2.00}{10000}$ of 1 per cent. As good a quality of Bessemer steel can be made from the Chateaugay ore alone as from the best ores of England, Spain, or Africa. With the exception of the great deposit of iron ore in the north of England, known as the Cleveland deposit, the Chateaugay deposits are probably the most extensive continuous veins yet discovered, and the production of the Chateaugay mines is practically limited only by the men and machinery employed in its mining operations. It is well known that the great Cleveland deposit is high in phosphorus and not suitable for the manufacture of Bessemer steel (as is the Chateaugay ore) by the acid process, which is the one used by all the Bessemer steel works in the United States.

"The Chateaugay company have already opened two parallel veins of this Bessemer steel ore upon their property; one of these veins averages 18 feet thick, and the other 36 feet thick. One of these veins has been opened continuously, and is now being worked on its outcrop (which has only a few inches of cover) for a distance of about $1\frac{1}{2}$ miles, and this vein has been traced continuously on the company's property for a distance of about 5 miles. The distance between two important workings at the present time on this vein is about $3\frac{1}{4}$ miles, and the company have other veins which have not been traced or examined.

* * * * *

"It may be asked whether this ore can be mined and sent to market at a price which will bring it within reach of the ore consumers. It is a sufficient reply to this that the Chateaugay Ore and Iron Company is now delivering its ore to its customers at \$3.50 per ton of 2,240 pounds, at Plattsburgh, on Lake Champlain, and guarantees that 2 tons of the ore will make 1 ton of pig-iron. The freight from Plattsburgh to tide-water on the Hudson is \$1 per ton of 2,240 pounds, and from the Hudson low rates of freight by water can be had to Pennsylvania, New Jersey, and other iron-making districts.

"I cannot, within the scope of this letter, review the advantages to the ore consumer of a home supply of ore, but as an illustration of the risk of depending upon a foreign supply, I would refer to the case of the "Carlist war" in 1874 and 1875, when operations were interrupted at the Bilbao mines, which exported to all countries, in 1881, 2,500,000 tons of ore. Fancy the condition of this country with its ore mines undeveloped, its steel works dependent on foreign countries for their supply of ore, and we at war with a foreign naval power.

"During the coming year the Burden Iron Company will use nearly three times as much pig-iron as it will make, and my interest in manufacturing pig-iron into the finished products of iron is more than ten times as great as my interests in iron ore mines. Therefore I do not speak as an ore producer. A manufacturer, who intended to be in the iron business but a short time, might be in favor of a merely nominal duty on ore, as at present, and protection on his finished products of iron and steel; but, as I expect to continue in the manufacture of iron, and hope that my children may succeed me in the same business, I am in favor of increasing the present rate of duty on iron ore to a rate somewhat in proportion to the present rates of duty upon the finished steel and iron, in order to encourage development of the ore deposits of this country, and to build up home competition in iron ore.

"Yours truly,

"JAS. A. BURDEN."

Witherbees, Sherman & Co., of Port Henry, N. Y., producers of over 200,000 tons of iron ore per annum, wrote as follows: "We have in Northern New York more Bessemer ores than is required to supply the demand, but have not been able to run our New Bed Bessemer mine for the last eighteen months on account of the importation of foreign ores."

A. Tower, esq., treasurer of the Port Henry Iron Ore Company, producers of over 200,000 tons of ore per annum, wrote as follows: "In my opinion there is no necessity for such importation of ores. If encouragement is given, all that is wanted can be furnished from mines in this country."

Mr. Henri M. Braem, secretary of the Forest of Dean Iron Ore Company, producing at present about 30,000 tons of ore per annum, wrote as follows: "There would

be no lack of American Bessemer ores if the development of the mines had not been checked by foreign importations."

Mr. A. W. Humphreys, president of the Sterling Iron and Railway Company, producers of about 80,000 tons of ore per annum, wrote: "I believe there is no necessity for any importation of ores."

George Williams, esq., president and treasurer of the Weed Iron Mining Company, wrote as follows:

"Hon SMITH M. WEED:

"MY DEAR SIR: I this day wired to your secretary an estimate of the actual capacity of the hematite mines of the Harlem Valley, and remit an estimate of their actual output in 1882, showing that the demand through foreign competition was so lessened as to reduce the volume of business from 177,000 tons to 76,000 tons."

Perhaps the most instructive letters are the two following from two *producers* of Bessemer iron ores, *who can find no market* for their ores.

Mr. J. R. Raul, treasurer of the Manhattan Mining Company, wrote as follows: "Our mine is virtually closed at the present time; having worked out our contracts with our customers and not obtaining new ones, we have stopped working, except the pumps, which we are obliged to keep at work. As you will see by the inclosed analysis, it is steel ore, and was used extensively in making Bessemer pig by one of our largest customers until the foreign ore took its place. We have employed seventy-five to one hundred men at wages varying from \$1.25 to \$1.50 per day for ordinary laborers."

Mr. J. B. Brinsmade, president of the Mahopac Iron Ore Company, wrote as follows: "There is no lack of American ores for the Bessemer process. As a proof of it I state the fact that the Mahopac Iron Ore Company to-day is producing more ore than it can sell. It has freely offered it at the same price as is asked for foreign ores of no better quality, and it has been able to induce but one Bessemer works to even try it in a furnace. And though the ore is of better quality than the average of imported Spanish and African ores, and perfectly adapted to the Bessemer process, the company has been obliged to find customers among those who make foundry iron.

Mr. HEWITT. What is the date of that letter?

Mr. ELY. About three years ago.

Mr. HEWITT. Were all these letters written three years ago?

Mr. ELY. Yes.

Mr. HEWITT. I have tried one of these Bessemer ore companies this year to get Bessemer ore from them, but I cannot get it. You ought to give us statements in relation to the present condition of things.

Mr. HISCOCK (to Mr. Hewitt). Is it exactly fair to put in your evidence while a witness is testifying?

Mr. HEWITT. I have a perfect right to ask questions. I ask Mr. Ely as to the dates of these letters, and I find that they are three years old.

Mr. HISCOCK. But you have no right to contradict him.

Mr. HEWITT. I have a right to ascertain the present state of facts.

Mr. HISCOCK. The chairman would not allow any other person here to step up beside this gentleman while he is making his statement and interrupt him by contradictory assertions.

The CHAIRMAN. It is done every day.

Mr. HISCOCK. It is done by Mr. Hewitt.

Mr. HEWITT. I beg pardon. It is as often done by the gentleman (Mr. Hiscock) as by anybody else.

Mr. HISCOCK. I have never contradicted a witness or attempted to put a statement of my own in his testimony.

The CHAIRMAN. Mr. Ely's statement will go into the record as his statement, and those of Mr. Hewitt and of Mr. Hiscock will go into the record as their statements.

Mr. HISCOCK. I understand that; but when a witness is on the stand he should be allowed to go on and make his statement, and any member of the committee asking questions of him should be satisfied with that instead of putting his own statement on the record in opposition to those of the witness.

Mr. BRECKINRIDGE, of Kentucky. I remember how that was done by Mr. Kelley the other day, giving his personal observations in the Staffordshire district, and not only had I no objection to his doing so, but I was glad of it.

The CHAIRMAN. Of course it is rather irrelevant.

Mr. MCKINLEY. I hope Mr. Ely will have an opportunity to make his own statement.

Mr. ELY. I have no objection to being asked questions, but I should like a chance to give a fair presentation of our case.

Mr. KELLEY. I think it is true that I said to a gentleman who was speaking about labor in Staffordshire that I would like to give my recollections of Staffordshire while

he was on the stand, so that he might reply to my suggestions and correct them, if it was in his power.

Mr. ELY. I wish the committee to take into consideration the fact that an iron ore mine is a growth of years, and not only of one or two or five years, but of ten or twenty years. If the state of things existed three years ago, which extracts from the letters that I have read indicate, it exists to-day, and the gentlemen who are here will bear me out in the assertion that the same state of things exists to-day which I have just read of. Here is something on this point from the Eastern Pig-Iron Association. It is in their letter to Mr. Manning, the Secretary of the Treasury. I want to read a little of it. It is the testimony of men who use our iron ore:

"Much has been said by persons interested in foreign mines, or who wish to get foreign ores as cheaply as possible, about removing the duty on ores as an incentive to the manufacture of pig-iron. As to that we wish to say, as makers of pig-iron, we are opposed to any reduction of duty. It is not true, as has been asserted by those who ought to know better, that the importation of foreign ores benefits the native miner by enabling him to market a portion of his phosphatic product for mixture with an equal portion of the purer imported article for the production of Bessemer iron. Such mixture is unheard of in practice. Our native ores are as good, though not as cheap, as the foreign article, and every ton of foreign ore imported displaces just one ton of native ore."

Here are statistics from the Treasury Department. Of the ore imported last year one-fifth of the total importation, coming from Spain, Cuba, and other foreign countries, was used in making ordinary mill and foundry iron. If there was really, as it is alleged, an absolute necessity, or a virtual necessity, for importing foreign Bessemer ore to meet the demand for Bessemer ore, why should the one-fifth of the total amount of Bessemer ore imported be used in making ordinary mill and pig iron for the making of which Pennsylvania, New Jersey, and New York can furnish ores? That disposes of, and sweeps away at one breath, all the suggestions that these foreign ores are needed for Bessemer uses, and also the assertion that the importation of Bessemer ores makes an increased demand for the home product, which is non-Bessemer. It is not true in practice.

Mr. BRECKINRIDGE, of Arkansas. Where are those ores found in this country, which you say are just as good as the foreign ores for Bessemer purposes?

Mr. ELY. I sell them myself in Cleveland. They come from Lake Superior. They are far better than the foreign ores; that is, they are richer in iron by about 6 or 7 per cent., but they are not quite as low in phosphorus; still, they are perfectly adapted for Bessemer iron.

Mr. BRECKINRIDGE, of Arkansas. Is the same true of the ores in Pennsylvania, New York, and New Jersey?

Mr. ELY. No, sir; I do not know of any Bessemer mines in Western Pennsylvania. There are some in Eastern Pennsylvania, New Jersey, and New York.

Mr. BRECKINRIDGE, of Arkansas. My question is as to where those mines are.

Mr. ELY (referring to a map). I hung up this map for the purpose of indicating the distances which we have to move ores. Here [indicating] is the Saint Mary's River; here [indicating] is Ashland, the shipping port of the new Wisconsin district; here [indicating] is Marquette, the great shipping port of the Marquette district; here [indicating] is the shipping port of Escanaba, where the ores from the Menomonee district are shipped; and here [indicating] is Two Harbors, the shipping port of the Minnesota mines. Some gentlemen of Pennsylvania began, not three years ago, to develop iron ore in Minnesota. They had mined some ore there near the South Vermillion Lake. The mine lay idle until after the tariff of March 3, 1883, was passed. When it was understood that the duty on iron ore was fixed at 75 cents a ton, then these gentlemen thought that they had elements for calculating the condition of their business, and they began two years ago, right at this point [indicating on the map], building a railroad, and in fourteen months they had put \$2,000,000 into that road, and had running on it twelve locomotives and three hundred and fifty ore-cars, and in the fall of 1884 they shipped 62,000 tons of iron ore. Within a year and a half they created right here in the wilderness a town of 1,500 people—an entirely new creation. I do not suppose that there was a population of a thousand in these three counties of Northeastern Minnesota. This is a new creation, a new contribution to the iron and steel trade of the United States. In 1885 we shipped 280,000 tons of this ore, and this year we will ship perhaps 300,000 tons.

Now, what sort of calculation do you think we can make as to the conduct of our business? We are mining iron ore there now, and have been doing so since the first of November. When the shipping season closed we went on with winter work. We have a pay-roll there of \$50,000 a month, and we shall have from 125,000 to 150,000 tons of ore ready for shipment by the opening of navigation. That, with the current mining of the summer months, will make up our annual product. We invested our money up there in building a railroad, which has no other use than that of carrying iron ore.

Mr. BRECKINRIDGE, of Arkansas. What is the winter work up there?

Mr. ELY. Mining ore. There is what we call "dead work." That is, you go into the forest where the ore is, and you come sometimes to an outcrop of ore, and other times the ore will be found with 15 or 20 feet of material upon it, which material has to be removed. There is a very large amount of money that has to go into this "dead work," that is, getting out the ore. If we did not carry on this work in the winter, we would be unable to make any figure in the iron-ore shipments of the season.

When the present tariff was enacted in 1883 it was supposed that that tariff would have some permanency. The tariff had been discussed. All proposed changes had been discussed for two years in and out of Congress. A tariff commission had been formed which went all over the country gathering testimony. That commission made a report, and a tariff bill was passed placing the duty on iron ore at 75 cents per ton. The duty had previously been 20 per cent. ad valorem, which, on the invoices of iron-ore made abroad, made the duty amount to about 45 cents per ton. That increased duty on iron ore was voted unanimously in the summer of 1882 by a convention of which I was president. The Iron and Steel Association of the United States, pending the consideration of the tariff, called a convention at Cresson, and went through the entire metal schedule; and, among the things which all agreed upon unanimously, was this: That as consumers of the iron ore product of the United States they thought that, in view of the permanent interests of their business (so that they could have a continuous, perpetual, adequate supply of iron ore for generations to come), the duty on iron ore ought to be 85 cents per ton. It was finally fixed at 75 cents, where it now is. The fixing of that duty at 75 cents a ton (so much of a barrier and a defense of our home industries against foreign competition) was one of the considerations which led to the investment, within two years, of that capital by means of which a new iron ore territory has been developed. These ports [indicating on the map], Ashland, the Two Harbors, Marquette, Escanaba, and others, have got, every one of them, continuous railroads to the mines. Our railroad of 69 miles long was built expressly for the purpose of carrying the iron ore; and other railroads there never would have been built in that wilderness but for the prospect of the iron-ore business.

Then again, we have a vessel interest on the lakes to the amount of not less than \$6,000,000, and we are employing a great many thousand men and sailors in the building, and manning of these ships, just to move this iron ore from the Northwest to Lake Erie. Cleveland, Ashtabula, Sandusky, Erie, and Toledo are the ports to which these vessels come. They are the great entrepôts of this trade of the Northwest in iron ore. I think it safe to say that three-fourths, if not four-fifths, of the total pig-iron made in Allegheny County is made from the iron ore that comes to Pittsburgh over 1,000 miles. That comes in the first place by rail from the mines to the water, where we have very expensive docks. Then it is brought by our vessels on the lakes to one of the ports I have mentioned, some thousand miles, and then by railroad 150 miles farther, across the State of Ohio to Pittsburgh and Wheeling.

One of the first things I did when the Michigan Iron Company began to ship ore two years ago was to go to Pittsburgh to Mr. Moorhead, a man to whom I have been selling iron ore for twenty years. I went to Mr. Moorhead's office, described the ore, showed the analysis of it, stating that it was 69 per cent. in iron, and sufficiently low in phosphorus. Mr. Moorhead said to me, "Mr. Ely, I am getting in 5,000 tons of Spanish ore. My furnace yard is choked up with it, and I cannot buy your ore."

One of the gentlemen here asked a question as to the effect of this competition of foreign ore, how far west it extended, and its utility to the iron interest on the Atlantic seaboard. Two months ago, to my certain knowledge, Carnegie Brothers, of Pittsburgh, bought 50,000 tons of Spanish ore to be carried across the State of Pennsylvania from Baltimore or Philadelphia.

Mr. BRECKINRIDGE, of Kentucky. What is the cost of this Spanish ore laid down at their works in Pittsburgh?

Mr. ELY. Nobody knows what rates of freight the Baltimore and Ohio and the Pennsylvania railroads give to them. I am certain I do not, and I have tried to find out. But I understand that the price of this Spanish ore in Baltimore is about \$3.50 a ton. Mr. Thropp can tell us about that.

Mr. THROPP. Foreign ore is being bought now at from $7\frac{3}{4}$ cents a unit to $9\frac{1}{2}$ cents a unit. These ores range from about 52 per cent. to 61 or 62 per cent. of iron. I believe they are quoted at about $9\frac{1}{2}$.

Mr. BRECKINRIDGE, of Kentucky. I wish you would put that into money.

Mr. THROPP. One of the ores runs about 52 per cent. of iron. That is equal to $8\frac{1}{2}$ a unit, which would be from about \$4.16 to about \$4.42 per ton.

Mr. HEWITT. It is the richer ores that are sold in Pittsburgh?

Mr. THROPP. Yes.

Mr. HEWITT. What would a foreign ore yielding 67 per cent. in iron cost in Philadelphia at $9\frac{1}{2}$ cents a unit?

Mr. THROPP. It would cost about \$6 a ton, or a little over.

Mr. McKINLEY. You mean that ore just as it comes?

Mr. THROPP. Just as it comes.

Mr. BRECKINRIDGE, of Kentucky. I want to get at the relative cost of 50 tons of Spanish ore at Carnegie's works, and what would be the cost of Mr. Ely's ore at the same time and at the same place?

Mr. ELY. Our ore of the quality which I have described would have cost perhaps \$5.75 a ton in Cleveland, and the freight from Cleveland to Pittsburgh would be \$1, or \$1.25. Of course this ore is taken as return freight, and is carried very cheaply on that account across the State of Pennsylvania.

Mr. BRECKINRIDGE, of Kentucky. I want to get the simple fact as to the relative cost of the two ores.

Mr. ELY. I am unable to state what the foreign ore would cost.

Mr. BRECKINRIDGE, of Kentucky. What is the fair cost of 50,000 tons of your ore before the shipping begins?

Mr. ELY. I am not running the mine. I am the selling agent of the company.

Mr. BRECKINRIDGE, of Kentucky. You can approximate what a ton of iron ore at your mine costs?

Mr. ELY. We sold a cargo or two at the shipping port of Two Harbors at \$3.50. That was a cargo which went to the Bethlehem Iron Company, a cargo of 1,100 tons. It went to Buffalo, and had all the haul to Eastern Pennsylvania. We hoped and expected to plant Minnesota iron ore east of the mountains. We are just a new company, and our product will grow from year to year naturally. We intended to show that we could furnish it east of the Alleghenies, but, so long as our customers west of the mountains want it it will naturally take that market.

Mr. BRECKINRIDGE, of Kentucky. But at \$3.50 a ton on your iron ore how much was the cost and how much profit had you?

Mr. ELY. We did not make any profit on it. We were simply trying to get the ore into the market.

Mr. BRECKINRIDGE, of Kentucky. The \$3.50 a ton was all that the ore cost you?

Mr. ELY. In the first place we have constructed a railroad of 68 miles for the transportation of the ore, and we have built a new town in the wilderness.

Mr. BRECKINRIDGE, of Kentucky. Can you not tell us what is the cost of getting a ton of your ore down to the lake ready for shipment?

Mr. ELY. I will tell you approximately. But you must understand that, in estimating the expenses of any mine, you have got to take into consideration the expenses of a whole year, because the cost of mining depends upon the amount of dead work, upon the amount of rock, and upon a good many other difficulties the cost of which can never be calculated. But our ore that was mined last month (as I saw from the cost sheet) cost, I think, somewhere between \$1.50 and \$1.60 a ton. That is the cost of that ore which was mined. But suppose we came to another mine with a large quantity of dead work to be done upon it, or suppose the vein would pinch out, and the work have to be abandoned. That would have to be taken into account in connection with the cost of ore. So that you can never tell in any given month of the year what the iron ore is really going to cost, because you cannot determine what are going to be the conditions of the mine at the end of the season. It frequently happens that a very promising vein pinches right up. I know of such cases in my experience where thousands and thousands of dollars had been expended on it. Then again you will have a place where there has been a very small output, and that may be a very fortunate deposit, where the ore can be mined at small cost. It is very difficult to calculate upon the cost of mining iron ore.

Mr. HISCOCK. In giving the cost for that mine, was that the whole cost of the ore mined, including salaries of officers and everything else?

Mr. ELY. It was simply what was paid to the men laboring in getting out the ore.

Mr. HISCOCK. It did not include salaries of officers, or cost of repairing machinery, or anything of that kind?

Mr. ELY. No, sir; it did not include any of those things.

Mr. BRECKINRIDGE, of Kentucky. What I want to get from you, if you wish to give it, is this: Of course everything that you paid out enters into the cost of the production of the ore. Plant, interest on the money invested, &c., all go to make up the calculations, and then you come to see what the output has cost so as to see whether the business is carried on at a profit. Now, what is approximately the fair cost of a ton of iron ore at your mines at the wharf ready for shipment?

Mr. ELY. All that I can say in answer to that question would be by giving the figures as I have just given them. We are a new company. We had got everything to create. We have put a great deal of money into the structures, into the docks and other works at the mines. We sent up there last fall hoisting machinery, engines, and hoisting apparatus for doing work in the mines. Although we have been only mining there two years, we have found it necessary to hoist the ore ton by ton. We sent up a plant there of that sort which cost us \$12,000, for one of the mines last fall. On the cargo of ore which we put on board at Two Harbors for the Bethlehem com-

pany, at \$3.50 a ton, we did not consider that we were making any particular profit, but we did want to get an opening to the Eastern market. I do not think that that is a natural market for the Lake Superior ore, as the haul is too great.

Mr. BRECKINRIDGE, of Kentucky. What does a ton of Spanish iron ore cost delivered at Baltimore?

Mr. ELY. With that I am not familiar.

Mr. THROPP. A ton of Elba ore, of from 62 to 64 per cent. of richness, has been sold at Baltimore at \$5.31 a ton.

Mr. HEWITT. That is the lowest price. What is the present price?

Mr. THROPP. About \$6 a ton.

Mr. ELY. I want to read this expression of opinion from the Eastern Pig-Iron Association:

"We believe the only certain method to secure an adequate, regular, and satisfactory supply of raw materials used in making pig-iron is by the maintenance of adequate protective duties upon such materials as are produced at home. And while anxious to prevent any legislation that would be damaging to our own manufacture, we have no desire to profit at the expense of kindred industries, notably so in the case of the principal raw materials of our own consumption, namely, iron ore and fuels. While some temporary benefit might accrue to us from free ore, soft coal, and coke, such gain would work serious injury to the labor now engaged in the home industries, and we do not think it either expedient or just that American producers of coal, coke, and iron ore should be compelled to compete with the much lower labor of foreign countries, while manufacturers of pig-iron and nearly all finished materials enjoy a greater or less degree of protection. Further, we desire to put on record our belief that any advantage to manufacturers growing out of the admission of free raw materials that are produced in this country would be but temporary. Any considerable reliance upon foreign sources for the supply of iron ore (which is the foundation of our vast iron and steel industry) might at any time prove disastrous by reason of an interruption of shipments caused by war. Any crippling of American mining, causing stoppage even of the dead work involved in the intelligent development of our home ores, and making our iron and steel works dependent upon foreign supply of ores in time of war, would infallibly weaken our ability for national defense. So that the future interest and safety of the whole iron and steel manufacture and of the country at large is involved in this question, even if simple justice to the capital and labor in mining be not considered.

"Should unfavorable legislation result in crippling or closing American mines, it should be well understood that in case of war the supply of iron ore and coal would be totally inadequate to properly maintain the equipment of our land and sea forces."

That is from the Eastern Iron Association, not from Western people; but from people whose works are on the Atlantic sea board east of the Alleghenies. I was not here at the hearing when Mr. Wharton spoke. He buys foreign pig-iron and buys foreign ore, but I understand that he does not object to the duty on ore. He thinks it is in the interest of the iron and steel business of the whole United States that there should be that much discrimination on iron ore to make up for the difference of the cost of production abroad and the cost of production here. I do not know how the cost of producing iron ore can be cheapened here below what it is now, unless you take it out of the wages of the workmen, and that we do not want to do. If you put labor down to a point at which men and women cannot live like American Christian people, you degrade our manhood and womanhood, and I am not in favor of any tariff policy that would result in crowding the American citizen (the chief mainstay and responsibility of the Government) down to the lowest point at which he can live.

Mr. McMILLIN. If the foreign ore sells at \$6 a ton, and if you sell your ore at \$3 a ton, how is it that any change in the tariff one way or the other can reduce the price of labor in getting out your ore?

Mr. ELY. I said that we sold our ore at \$3.50 a ton, and that was up at Two Harbors.

Mr. McMILLIN. And so the rate given for the foreign iron ore was at the sea-board, putting both the foreign ore and your ore at water transportation.

Mr. ELY. I do not live east of the Alleghenies. I do not manufacture iron, but I do know about ore. I know that when we bring in Lake Superior ore, and when Pilot Knob ore is brought from Missouri to Wheeling or to Pittsburgh, that ore certainly competes with the production of foreign labor brought across the State of Pennsylvania. I do not know about the prices.

The CHAIRMAN. I want to know the present rate of wages in the mining of iron ore.

Mr. ELY. Three years ago I took special pains, when the tariff commission was at Cleveland, to gather from Lake Superior sources the wages per day paid by several of the Lake Superior iron companies.

The CHAIRMAN. That was in 1882 or 1883?

Mr. ELY. Yes. The answers that I received I laid before the tariff commission in my statement. Three large companies, the Republic Iron Company, the Jackson

Company, and the Lake Superior Company, in the Marquette district, employing all together 1,700 men, paid on an average \$2 and \$2.08 a day.

The CHAIRMAN. What are the wages now?

Mr. ELY. There has been quite a reduction in the wages of the men. I think they are now paid \$1.75.

Mr. BURT. I can answer that question. I can state that there is not a laboring man in the Lake Superior region working in the iron ore that is paid less than \$1.50 a day, and the average rate of the miners is about \$2.50.

The CHAIRMAN. What did they get in 1882?

Mr. BURT. The rate of wages then did not very much differ from the rate now.

The CHAIRMAN. But the wages have fallen since 1882?

Mr. BURT. Very little.

The CHAIRMAN. The raising of the duty on iron ore by the tariff of 1883 did not have the effect of increasing the rate of wages of the men?

Mr. BURT. Nor of decreasing their wages.

Mr. ELY. You will recognize, Mr. Chairman, the great fact that in the changed condition of the country there has been an essential reduction of wages in every branch of industry all over the United States, not so much in the iron ore as in other lines of industry.

The CHAIRMAN. Then there has been a considerable reduction of wages in the iron ore business?

Mr. ELY. Yes; I think the miners in the Lake Superior region now average \$1.75 per day.

The CHAIRMAN. How is that as compared with the wages of 1882?

Mr. ELY. In 1882 the rate of wages was from \$2 to \$2.08 a day, and gentlemen say now that the rate averages \$1.75 a day.

Mr. MCKINLEY. What would have happened in the matter of wages if the duty on iron ore had not been increased?

Mr. ELY. In the inactive and prostrate condition of our iron industry for the last two years, I should say that if we had not had this advance of duty on iron ore to 75 cents a ton, I think a large number of the mines in this country would have been closed, and a large number of them have been closed at any rate. The stress of the times, and the low price of ore, and the cost of raising it, have actually closed within the last two years, I think, about fifteen mines up there.

The CHAIRMAN. I simply wanted to know the facts. We will reason out the causes for ourselves.

Mr. ELY. In the ore-mining localities in the different parts of the country, men engaged in that business have been brought up to that occupation all their lives. A large number of them have come from foreign countries. They have come here to live and have become naturalized. They are on an equality with people in any other kind of occupation, and the closing of those mines, away off up there several hundred miles (entirely separate from any other kind of industry) would be ruin to these men. If they were compelled to leave for want of employment, and if there came an improvement in the iron trade, and we wanted to get these men back again, it would be a process of a whole year. The men would have left their homes, and would have scattered all over the country, and we could not get them.

It is impossible, gentlemen, to regulate the home production of ore so as to meet the flow of foreign ore to this country. It cannot be done by regulations of mining, because these mines cannot be carried on in that way. I mean that you cannot change the policy of a mine, producing 20 tons one month, 10 tons another month, and 40 tons another month. You must have a constant policy from one season to the other. What we want is to have the duty on iron ore remain as it is.

The CHAIRMAN. Yes; you have told us that. We understand that that is what you want.

Mr. ELY. I wanted to be sure and put that word in before I took my seat.

Mr. HEWITT. You quoted a pay-roll for last month of the mine in which you are interested, and you gave the labor cost of a ton of ore in your mine at \$1.60. How does that compare with the labor cost of mining ore in the Lake Superior region generally?

Mr. ELY. I cannot tell you, because I have never resided up there; I have not had the active management of any mine; my business is that of selling agent of iron ore, and the information which I have given about the cost and the management I have acquired incidentally.

Mr. HEWITT. You are what is called a broker of iron ore?

Mr. ELY. No; I am the selling agent of the company; the accounts relative to the cost do not come into my hands.

Mr. HEWITT. Then you cannot give us anything as to the labor pay-roll in the Lake Superior iron ore business?

Mr. ELY. Not beyond what I have given. I am sure that the last month's cost of mining ore was from \$1.50 to \$1.60 a ton.

Mr. HEWITT. Do you know what the usual freight is of the ore from the Mediterranean—from Spain or Elba?

Mr. ELY. I do not know what it has been for the last four years; I believe that in 1880 it was 12s. a ton. I learn by figures from an importer's books that the rate in 1882 was 12s. a ton; in 1883, 9s.; in 1884, 10s.; in 1885, 9s.; and in 1886, 10s.

Mr. HEWITT. Then the average cost of freight on foreign ore for the last five years exceeded 10s. per ton?

Mr. ELY. Hardly that. There were two years when the freight was only 9s. a ton, and two years when it was 10s.

Mr. HEWITT. When I said that the average freight has been fully 10s. a ton I was very modest.

Mr. ELY. If you take six years it would be about 10s. a ton.

Mr. HEWITT. You say that the present rate is 10s. a ton?

Mr. ELY. Yes.

Mr. HEWITT. And that in 1885 it was 9s. a ton?

Mr. ELY. It was 9s. 9d.

Mr. HEWITT. I thought you had made a mistake when you gave the freight as 9s., for I never saw an invoice for freight below 10s.; 10s. is the equivalent of about \$2.50, is it not?

Mr. ELY. Yes.

Mr. HEWITT. Do you imagine that there is in the Lake Superior region a single productive iron-ore mine where the amount paid out for labor—for getting the ore out—comes to as much as \$2.50 a ton?

Mr. ELY. I do not know about that.

Mr. HEWITT. What do you think about it?

Mr. ELY. Mr. Burt will tell you.

Mr. HEWITT (to Mr. Burt). Is there a productive ore mine in the Lake Superior region in which the simple labor cost amounts to as much as \$2.47 a ton?

Mr. BURT. I will turn your question over to Mr. Brown, of the Menominee Mining Company.

Mr. BROWN. I do not think that that is a fair question as to the cost of the ore.

Mr. HEWITT. I am a stockholder in the Iron Cliff Mine, and I can testify that the labor never did cost as much as that, and Mr. Brown knows it. You gentlemen come here to give us information and you do not give it. There are gentlemen here who have the information and I would like to get it from them.

Mr. REED (to Mr. Hewitt). Can you give us the exact cost yourself?

Mr. HEWITT. It costs about \$2 a ton.

Mr. REED. But what is the *exact* cost?

Mr. HEWITT. The *exact* cost I cannot give.

Mr. REED. Just like the rest of these gentlemen.

Mr. HEWITT. But I give a maximum cost. Mr. Reed says I do not name the cost. I do name a maximum cost. I asked gentlemen who are interested in the Lake Superior mines what the labor cost of a ton of iron ore amounts to, and I cannot get the information; and I say that I know a mine where the cost does not exceed \$2 a ton.

Mr. HISCOCK. A gentleman here (Mr. Thropp) says that your firm claims that the cost is \$2.60 a ton.

Mr. HEWITT. That is true of one mine in New Jersey, but is not true of any mine in the Lake Superior region. A mine in New Jersey is a totally different thing from a mine in the Lake Superior region.

Mr. ELY. I have given you all the information that I am possessed of. I have said that I was not a miner of iron ore; but I have this to say to Mr. Hewitt. If he is a stockholder in the Iron Cliff Mine in Marquette County, he also knows the Washington Mining Company.

Mr. HEWITT. I do not.

Mr. ELY. It is within 8 miles of the Iron Cliff Company's mine. I happen to be a stockholder in that company to the amount of a thousand shares, which cost me \$25,000. That company mined ore, and it was reported to me as a stockholder that the cost was from \$2 to \$2.75 a ton. That company put 500,000 tons of iron ore into the market in the space of seven or eight years, but it has never paid a dividend and has never earned a dividend; and it finally got so involved that the property was leased to some other unfortunate individuals who put \$75,000 more into it; and they have lost the money. That is a mine which I do know about, because I have some of its stock, and I know that that mine had to be closed on account of the high cost of the production of ore.

Mr. HEWITT. It was simply a bad mine, and could not produce ore cheaply.

Mr. ELY. When I bought the stock I regarded it as one of the best pieces of property I ever heard of. But, when the miners got down into it, they found horseback interjections of rock.

Mr. HEWITT. But has not the mining of Lake Superior iron ore as a whole, been profitable to the owners?

Mr. ELY. No, sir; not as a whole. I think that more money has been sunk in Lake Superior mines than ever has come out of them. I commenced investing money to build the Marquette and Ontonagon Railroad in 1852. I bought in Cardiff, Wales, 600 tons of the first iron rails that were laid down on that railroad to get access to those mines. I bought the first locomotives. I have been selling iron ore in Cleveland since 1861. And I have put more money into that region than I have ever got out.

Mr. HEWITT. Granted. But my question was as to the amount of money paid for the labor in mining a ton of iron ore. All this is outside of that question. Please tell us the freight on iron ore last year from Escanaba to Cleveland.

Mr. ELY. I think it was between 60 and 70 cents a ton.

Mr. HEWITT. Over how many miles of railroad in the Eastern States would that rate carry a ton of ore?

Mr. ELY. I do not know. I think they charge a dollar from Cleveland to Pittsburgh, 150 miles.

Mr. HEWITT. And you say that you paid from 60 to 70 cents for freight from Escanaba to Cleveland?

Mr. ELY. Yes.

Mr. HEWITT. And you paid a dollar for the freight from Cleveland to Pittsburgh, 150 miles.

Mr. ELY. It is not more than 500 miles from Escanaba to Cleveland. Escanaba is at the upper end of Lake Erie. You have taken one of the years when vessel interests on the lakes were prostrated by low freights.

Mr. HEWITT. Have you not a protection of 75 cents a ton on iron ore?

Mr. ELY. Yes; but even under that protection the foreign product met ours in Pittsburgh and Wheeling.

Mr. HEWITT. If you would give us the cost of your ore in Pittsburgh we could understand you. But we have it in testimony from Mr. Thropp that foreign ore corresponding in richness with yours costs \$6 a ton in Philadelphia—a 62 per cent. ore.

Mr. ELY. I do not know how it is, but we offered to Carnegie Brothers & Co. ore delivered at Cleveland at \$5.75 a ton, and they took the foreign ore instead of ours.

Mr. HEWITT. Do Carnegie Brothers know their own business?

Mr. ELY. I think they are as sharp business men as are to be found.

Mr. HEWITT. What determines the value of ore for Bessemer pig iron? What is the test as to the quality of the ores?

Mr. ELY. The test is the amount of phosphorus it contains.

Mr. HEWITT. Suppose you have an ore in which there is no phosphorus and suppose you have an ore in which there is one-half of 1 per cent., or six one-thousandth parts of phosphorus, could you use the ore with the one-half of 1 per cent. or six one-thousandth parts of phosphorus for making Bessemer pig-iron ore, assuming it to be ore of 50 per cent. richness?

Mr. ELY. We sold to Carnegie Brothers last year some 50,000 tons of ore which contained about sixty-five one-thousandth parts of phosphorus, and they used it for Bessemer steel.

Mr. HEWITT. Did not Carnegie Brothers buy foreign ore for the purpose of using your ore?

Mr. ELY. I do not know.

Mr. HEWITT. Was not the reason why they did not buy your ore on the occasion you speak of, and why they did buy 50,000 tons of foreign ore, because they could not work your ore without foreign ore?

Mr. ELY. I do not know.

Mr. HEWITT. Could they have worked it alone?

Mr. ELY. They bought Champion ore and Menominee ore, a little lower in phosphorus.

Mr. HEWITT. Assuming that I have an ore containing sixty-five one-thousandth parts of phosphorus, and I can get an ore containing no phosphorus, or very low in phosphorus, can I use it with ore sixty-five one-thousandth parts of phosphorus in a mixture?

Mr. ELY. Certainly.

Mr. HEWITT. Would not the ability to get such an ore containing no phosphorus, or very low in phosphorus, give value and use to my ore containing sixty-five one-thousandth parts of phosphorus?

Mr. ELY. It would.

Mr. HEWITT. Would it not be necessary for me, in order to use my ore containing sixty-five one-thousandth parts of phosphorus, to get an ore containing no phosphorus, or low in phosphorus from some quarter?

Mr. REED. Say, from the Lake Superior region.

Mr. ELY. Yes. If you take a high phosphorus ore and a low phosphorus ore and mix them you get your Bessemer material.

Mr. HEWITT. Then, as a matter of fact, would not the ability to get ore low in phosphorus enable us to use ore higher in phosphorus, which we otherwise could not use?

Mr. ELY. Certainly. But I say that there is an absolutely abundant supply of Bessemer ore.

Mr. HEWITT. What good do your Lake Superior ores that are low in phosphorus do me in New York?

Mr. ELY. I have insisted and I still insist that in Northern New York, New Jersey, and Virginia there is plenty of Bessemer ore.

Mr. HEWITT. I hope so.

Mr. ELY. I know it.

Mr. BRECKINRIDGE, of Arkansas. You say that you sold a certain amount of ore—50,000 tons—to a party in Pittsburgh at \$3.50 a ton?

Mr. ELY. I say that we sold a single cargo up at Two Harbors, Minn., at \$3.50 a ton.

Mr. BRECKINRIDGE, of Arkansas. Laid down at a Lake Superior port?

Mr. ELY. Laid down on board the vessel at the shipping port.

Mr. BRECKINRIDGE, of Arkansas. Was that operation profitable to you?

Mr. ELY. I know that at the time it was a question with us. They offered us \$3 and \$3.25, and we refused to accept the offer, because we would be losing money.

Mr. BRECKINRIDGE, of Arkansas. And then you offered to sell at \$3.50 a ton.

Mr. ELY. Yes; we sold a single cargo at that price to the Bethlehem Iron Company for the purpose of ascertaining whether we could make an Eastern market.

Mr. BRECKINRIDGE, of Arkansas. Did you lose money on the transaction?

Mr. ELY. I do not think we did. The owners told us to sell a single cargo at \$3.50 for trial. They had refused to sell at \$3.25. So I inferred that the price of \$3.50 saved them from losing money on the transaction.

Mr. BRECKINRIDGE, of Arkansas. What was the cost of the transportation of that cargo?

Mr. ELY. I do not know. It went by the lakes to Buffalo. I will only add this, that we think that such a policy ought to be pursued in relation to the duty on iron ore as will develop and stimulate the production of iron ore in this country.

The CHAIRMAN. We all know that you think that. You have told us that several times. Now, please let us hear somebody else.

Mr. ELY. I am myself a member of a legislative body. I sometimes give hearings to persons in my committee, and I do not know that I am charged with any more respect and courtesy than other persons, but I do not often say things like that to gentlemen who come before our committee.

The CHAIRMAN. I simply mean to say that we have given you all the time we can afford.

Mr. ELY. And I thank you for the opportunity I have had, and for the courtesy extended to me, but when you say that you do not care to have me say anything more, of course I will rest right here.

Mr. HEWITT. The chairman only meant to say that what you are saying now is only a repetition of what you have said before.

Mr. ELY. In the heat of debate I may have repeated myself.

Mr. KELLEY. Will the chairman indulge an old man who is inclined to be garrulous, in connection with Mr. Ely's statement.

The CHAIRMAN. I suppose you mean Mr. Kelley?

Mr. KELLEY. Certainly, sir; having been properly rebuked for having set Mr. Hewitt a bad example—

Mr. BRECKINRIDGE, of Kentucky. I beg your pardon. Not only did I not rebuke the gentlemen, but I listened with great pleasure to what he said.

Mr. KELLEY. I want to illustrate the truth of the statement that we are forever dealing with infant industries, as it has been established by Mr. Ely's testimony. Political economy, so far as it relates to the development of the resources of a state or nation, is a science of evolution or development, and I wish to recall some facts to the memory of the chairman and Mr. Hewitt (who I believe are all the gentlemen who were, with myself, members of this committee in 1882) some incidents of that day.

Mr. HEWITT. I beg your pardon, I was not a member of the committee at that date.

Mr. KELLEY. But you participated in the game of foot-ball to which I am going to call your attention. While I, on the occasion I refer to, was speaking on the floor a Representative from Minnesota and Mr. Hewitt played a game of foot-ball with me very gaily.

Mr. HEWITT. And we repented of it.

Mr. KELLEY. I hope you did, for to me it was pretty rough treatment. When Mr. Ely was telling us of the time when they were exploring a mine in Minnesota, 68 miles from a shipping point, it reminded me that, on the occasion I refer to, I had sitting at my right hand a very keen representative from the State of Minnesota, and when

it was suggested to him that parties from Pennsylvania were about to develop a large iron region in Minnesota, he remarked, very shortly, that he was too old a bird to be caught with such chaff as that; and he was not caught by it. And, when we came to a debate in the House, he said that he had learned from producers of Bessemer steel that it could be made at a large profit, and sold at \$14 a ton, and he characterized these makers of Bessemer steel (as I find it in his own language): "These fellows are pretty smart, and they are as impudent as they are smart. They ask us to continue a monopoly by a \$25 per ton tariff," &c.

Mr. HEWITT. Who was it who said that?

Mr. KELLEY. That was my friend from Minnesota. I do not wonder that you forget him, for on that platform he went into the struggle for re-election, and the places which knew him then have known him no more and are likely to know him no more.

Mr. HEWITT. You mean Mr. Dinnell?

Mr. KELLEY. Yes.

The CHAIRMAN. And Mr. Windem, who did not think with him, did not come back either. Such things very often leave good men at home.

Mr. BROWNE. But that was in an election for the Senate.

Mr. KELLEY. The existence of a fine bed of iron ore there for Bessemer purposes was so doubtful that the representative from that State (and I think from that district) would not credit it. There was no railroad there then; there was no village of 1,500 people at a single place there dependent upon the getting out and shipping of iron ore; yet the year 1883 brought about the development and the beginning of the expansion, and in three years a most important element in the supply of ore for the Bessemer steel industries of the country, and a material link in the great line of transportation of the country, have come out of the evolution of this imaginary deposit of iron ore in Minnesota; and I think that (as Mr. Ely was saying when he closed his remarks) it is the duty of those who legislate for a country to take care that such legislation shall be had that its population may enjoy all the wealth that their acres embody, and that its poorer population may find profitable labor in developing it.

The CHAIRMAN. The possibilities of the country were brought about long before the tariff on iron ore was raised to 75 cents per ton.

Mr. REED. But they did not become a reality till afterwards.

The CHAIRMAN. Reality enough for the father of a man sitting at this table to invest in it long before the tariff law of 1883.

Mr. REED. But he did not realize until after the tariff of 1883. That is the point about the tariff.

Mr. McMILLIN. The effect of which is the reduction of the wages of the workingmen from \$2.08 to \$1.75 a day.

Mr. REED. That reduction can e from a different cause, and the former rate of wages will come back.

Mr. McMILLIN. But it has not come back.

Mr. REED. But it will come back. When the next wave of prosperity comes the wages will go up with it. I wonder why you undertake to compare the wages in a time of prosperity with the wages of a time when general prosperity is lost.

Mr. McMILLIN. You were claiming that a rise had followed the tariff.

Mr. REED. Not claiming it; merely pointing it out.

Mr. McMILLIN. Then I point out that the laborer has not realized on the rise.

Mr. REED. But he did.

Mr. McMILLIN. Yes; he realized a reduction.

Mr. REED. But without a rise in the tariff he would have realized a much greater reduction.

Mr. McMILLIN. That is speculation.

Mr. REED. It is not speculation. Compared with other industries you will find that to be the result.

STATEMENT OF MR. EDWARD B. GRUBB.

Mr. EDWARD B. GRUBB, president of the West Virginia Iron Company, next addressed the committee. He said:

Mr. Chairman and gentlemen: I have in my hand copies of resolutions passed by the two houses of the legislature of the State of Virginia on the 1st of March last.

The CHAIRMAN. We have received a copy of them. The legislature does not want the duty taken off iron ore.

Mr. GRUBB. Yes; that is it. The resolutions were passed by the senate of the State of Virginia and by the house of delegates of the State of Virginia.

The resolution as adopted by the house of delegates reads:

Resolved, That it is the sense of this house of delegates of Virginia that the proposition now pending in the Congress of the United States to place foreign iron ores on

the free list is unwise, and if adopted will greatly injure the iron interest of this State and retard the development of the same.

Agreed to by the house of delegates March 1, 1886.

J. BELL BIGGER,
Clerk of House of Delegates.

The resolution as adopted by the senate reads :

Resolved, That it is the sense of the senate of Virginia that the proposition now pending in the Congress of the United States to place foreign iron ores on the free list is unwise, and if adopted will greatly injure the iron interests of this State and retard the development of the same.

Agreed to by the Senate March 1, 1886.

J. D. PENDLETON, C. S.

Mr. Chairman, I do not know what I can say that is not familiar to you in reference to the general proposition of the effects of the tariff on Virginia and the South; but I would like to call your attention to one or two facts which I have not heard discussed to day. The iron industry of Pennsylvania reached its excellence and commenced its development from the discovery of mineral fuel (or anthracite coal) as applied to iron. The teeming villages and the thriving farms of Pennsylvania show to-day what the discovery has done. Within the last few years there has been another discovery, or another adaptation, of mineral fuel in the matter of coke. That discovery opened to the Southern country such great facilities for the manufacture of pig-iron that a large amount of capital has been invested there, and a great deal of employment has been given to labor.

If Pennsylvania ever needed a tariff, Virginia and the South need it to day. The South is a sea-board province, more than the State of Pennsylvania is. Philadelphia can scarcely be called a seaport, being 130 miles from the sea; but Virginia is open to every vessel from Europe. Six years ago all the iron used in Richmond and in Norfolk was foreign iron, Scotch iron. Within two years after the building of the Low Moor furnace not one ton of Scotch iron was used there, and not one ton of it is used there to-day. The development of the iron industry in the State of Virginia has been much larger than has been imagined. In 1879 there were two coke furnaces in Virginia, producing about 50,000 tons of iron a year. To-day the capacity of the coke furnaces of old Virginia is 180,000 tons of iron. While these furnaces are blowing and running (and if the tariff is kept up they will keep running) 360,000 tons of iron ore will be mined in Virginia, at an average cost of \$2 a ton, making \$720,000 paid out in wages and freights. One hundred and eighty thousand tons of limestone will be used, at 50 cents a ton, making \$90,000 in wages and freights. Two hundred and twenty-five thousand tons of coke will be mined and used at the furnaces, at a cost of \$2.50 per ton, making \$567,500. The labor on all the other items, putting it at \$1.50 a ton (which is low) will be \$275,000. That will be very nearly \$2,000,000 spent in the State of Virginia in the coke industry (not speaking at all of the charcoal industry) every year. I do not think it possible for these furnaces to run if the proposed reduction in the tariff be carried out. If there was no tariff the furnaces never would have been built, and certainly could not possibly run to-day.

There is an industry in Virginia in the production of Bessemer ore of the very finest quality, ore which has been pronounced by Professor Monterief, the chemist of the Pennsylvania Steel Company, as being quite equal in every respect to the Spanish ore. That industry was very largely carried on in the years 1879 and 1880. Large quantities of the ore were carried to Pittsburgh and used there in the manufacture of steel. After 1880, when the large importation of foreign ores commenced, the industry was entirely stopped in Virginia, so far as its use for steel purposes was concerned, and no ore has been carried from there for the last two years. The veins of ore—sixteen well known and well developed veins—extend for 50 miles, and are capable of a very large development; but the development is crippled by the importation of foreign ore.

There is one other phase of this subject to which I desire to call the attention of the committee. It may be found that perhaps there are not in the South sufficient quantities of Bessemer ore to supply the country; it will, in fact, be found that practically there is a very small quantity of Bessemer ore there. But Bessemer steel is not the only steel that is made in the world. The Bessemer process is not the only process by which steel is made. There were 900,000 tons of basic iron made in Germany and England last year, and there were 400,000 tons of rails made of basic steel last year. The brown hematite ores of the South are not only perfectly good for making basic steel, but the analysis of them shows that they are excellent. These ores are pronounced to be the very best ores in the world for the production of basic steel. If that development is allowed to go on (and it is going on very largely) the South will certainly be the place where the steel of this country will be produced. It will not be Bessemer steel; it will be basic steel, the cheapest, and, in every respect, the finest steel the country has ever seen.

Let the development go on. Give the South the benefit of the tariff, as Pennsylvania has had it. If Pennsylvania ever needed the tariff, the South needs it to day. Let the South go on with her development, and the manufacturing towns which now brighten the valleys of Pennsylvania will brighten the valleys of the South.

Mr. HEWITT. Can foreign ores come into the South in competition with these ores which are fit for making basic steel?

Mr. GRUBB. I do not know why they should not, for I understand that the ores of Spain and other countries lie near the coast.

Mr. HEWITT. Suppose that works for making basic steel were established at Knoxville or Chattanooga, would it be possible to bring any foreign ores there to compete with your local ores?

Mr. GRUBB. No, sir; but every ton of foreign ore that is brought into the North and brought into competition with the ores of the North would lessen the demand for ores from the South.

Mr. HEWITT. Suppose the foreign ores were given to us for nothing, could they come into the South and compete with the local ores?

Mr. GRUBB. No, sir; but they would compete with us in the markets of the North.

Mr. BRECKINRIDGE, of Arkansas. Is ore of that character found only in the South?

Mr. GRUBB. The best ores of that character are found in the South.

Mr. BRECKINRIDGE, of Arkansas. And equally good ore is not found in the North?

Mr. GRUBB. I am not familiar with the facts, but I fancy that it is. But the ores of the South are more easily mined. The natural facilities of the South for mining ore and making iron are not surpassed in the world.

Mr. McMILLIN. Can you tell us the cost of a ton of iron mined in Virginia, delivered on the cars?

Mr. GRUBB. A ton of this Bessemer ore costs \$2.25, delivered on the cars.

Mr. KELLEY. Is it Bessemer or basic ore?

Mr. GRUBB. Bessemer ore. The basic ores can be delivered on the cars in any part of Virginia with which I am acquainted for from \$1.25 to \$1.50 a ton. That includes 25 cents royalty. The rest is all labor.

Mr. McMILLIN. What does a ton of pig-iron cost in Virginia?

Mr. GRUBB. Seventeen dollars and fifty cents at the furnace. To that is to be added \$3 for freight. I only give my own experience. I do not know how it agrees with that of others.

STATEMENT OF MR. THROPP.

Mr. HEWITT (to Mr. Thropp). Are you a buyer of iron ores?

Mr. THROPP. I am.

Mr. HEWITT. What kind of ores do you buy?

Mr. THROPP. We buy ores from Messrs. Cooper, Hewitt & Co., of Northern New Jersey, from the Chester Iron Ore Company, of New York, and we buy local hematites in our own immediate locality, and we are now buying foreign ores.

Mr. HEWITT. What prices are you paying to Cooper, Hewitt & Co. for New Jersey ores?

Mr. THROPP. Two dollars and twenty-five cents on the cars.

Mr. HEWITT. What prices are you paying for the Chester ores?

Mr. THROPP. There are a variety of prices for the Chester ores, from \$2.50 to \$3.00 and \$3.25, on the cars.

Mr. HEWITT. What price do you pay for the foreign ore that you use?

Mr. THROPP. The foreign ores cost us from about 8 cents a unit to 9 cents a unit.

Mr. HEWITT. They are the most expensive ores?

Mr. THROPP. Yes; they are the most expensive ores. The New Jersey ores that we buy at the price I have stated have to be transported to the furnace, and, being high in sulphur, they have to be roasted at a cost of from 50 to 60 cents a ton.

Mr. BRECKINRIDGE, of Arkansas. What do you mean by a unit?

Mr. THROPP. I mean a unit of metallic iron.

Mr. HEWITT. Do you find it desirable to have foreign ores to mix with local ores?

Mr. THROPP. It is desirable for us. We are making high grade mill iron, and it is necessary for us to have a regular supply of ore. Owing to the low price for ore in the last two years nearly every one of the mines in our immediate neighborhood has been closed. Three of the mines in New Jersey from which we have been getting ores have closed, and this winter we have found ourselves driven to buy foreign ores to a much larger extent than before, because we cannot obtain a regular supply of American ores until these mines (which have been almost abandoned because of the low price of ores) are put in condition again and started.

Mr. HEWITT. Do you not find that this mingling of foreign ores helps the domestic ores?

Mr. THROPP. No more than the mingling of American ores of equally good quality would.

Mr. HEWITT. But you find foreign ores more available?

Mr. THROPP. Simply because American mines of ores, of equally good quality, are not developed.

Mr. HEWITT. You said that Cooper, Hewitt & Co. are sellers of ores; is that so?

Mr. THROPP. Yes.

Mr. HEWITT. And not buyers of ores?

Mr. THROPP. No.

Mr. HEWITT. And they have an interest, with other owners of iron ore mines, in getting good prices for their ore, so far as you know?

Mr. THROPP. I should think so.

Mr. HEWITT. I put that question to you because I have been charged with having an interest in foreign iron ore mines and not in local mines. Therefore I wanted to ask this question of you, who are a buyer of ores, while I am a seller of ores.

Mr. THROPP. If you will permit me, I wish to say a word in reference to the matter of protection and to the matter of purchasing foreign ores. I have ever advocated the maintenance of protective duties on the item of ores. I believe them necessary in order to stimulate the searching out of American iron ore deposits and the development of these deposits, so that we would always have a sufficient supply of ores. Business is selfish. The development of our American product in ore will put us where the development of our iron interests has put us, and home competition will regulate prices. To everybody outside I say, "hands off." We paid this year about \$16,000 duties on foreign ores.

Mr. HEWITT. You are talking against what appears to be your interest, and I am talking against what appears to be my interest. I wanted that to be understood. Do you know of any American ore, obtainable at any fair price, that would take the place of Elba ore?

Mr. THROPP. I cannot say now; but we have produced as good a quality of iron when we were using the carbonates of the Hudson River and bringing them to Philadelphia. We were using the ores produced by Mr. Livingston. We recently made application to get that ore, and could not get it.

Mr. HEWITT. You mean the rich, brown hematites?

Mr. THROPP. I mean the carbonates. We were using those got from the estate owned by Mr. Livingston, and we made no inquiries of other producers. Upon the last inquiry I made I was informed that the mine was full of water, and that they had virtually abandoned it on account of low prices.

Mr. HEWITT. Do you know of any ores corresponding to the Elba or African ores that are obtained in your neighborhood?

Mr. THROPP. Not now; if there are any in the country I want to have them hunted up. If there are in the East, or in the State of New York (and I do not know why there should not be), ores which are as rich as the Lake Superior ores (which take the place of all foreign ores, and are even better for the purpose of making a high grade of mill iron), I would certainly use them with 68 per cent. of metallic iron, instead of the Elba ores with 62 per cent.

Mr. BRECKINRIDGE, of Arkansas. Has such ore ever been discovered in the State of New York?

Mr. THROPP. It has not been developed; but I have no doubt it exists there.

Mr. HEWITT. Why do you not use Lake Superior ores? They are as good as the Elba ores.

Mr. THROPP. They have never been introduced into our markets. Our works are about 12 miles only from Philadelphia. We have never inquired the prices of Lake Superior ores.

Mr. HEWITT. Would they not cost too much for transportation to your works?

Mr. THROPP. Yes, I think so. Naturally they would.

Mr. HEWITT. If you are forced to use those Lake Superior ores (foreign ores being absolutely prohibited), could you make your pig-iron and sell it at the present market rates?

Mr. THROPP. If forced to use these Lake Superior ores, we would close up our furnace at the present price for pig-iron.

Mr. HEWITT. That is what these gentlemen from the Lake Superior region say they would like you to do.

Mr. THROPP. I do not understand it so. They take the ground that every ton of ore admitted free of duty acts like a wave sweeping back, and taking the place of their ore—forcing back the Western ore, competing with it, and causing to remain idle mines that would otherwise be developed; while the ore mines that are being worked would have to be abandoned and the labor employed in them turned adrift.

Mr. HEWITT. If by these means your furnace would have to be shut up, you would be gratified, would you?

Mr. THROPP. I would say, in general terms, that we can take care of ourselves in this country, provided the American market is given to us. If they have cheaper

ores in the South than we have, and they can beat us in open market, I will say to them, "God speed;" let them come on.

Mr. HEWITT. We agree about that, as to the "survival of the fittest." But in the meantime, you have got a furnace, and you have workmen; and they can have employment provided you can have foreign iron ore; whereas, if you cannot have foreign iron ore, and have to use Lake Superior ore, you would have to shut up your furnace. Would you consider that good for your workmen?

Mr. THROPP. If I had to use Lake Superior ores I would have to shut up my furnace, but if foreign ore had not been introduced, and if the price of pig-iron had not reached the low point at which it is to day, I believe that the development of the New Jersey and the New York ores would have been more stimulated, and that by virtue of the competition of new mines and of the mines now in actual operation there would have been sufficient ores of domestic production in the market.

Mr. HEWITT. How would you have kept up the price of pig-iron? By what process?

Mr. THROPP. If we had never reduced the duty on pig-iron from \$9 a ton, the price of pig-iron would not have gone down so low, and as long as the competition was confined to this country that competition would have regulated the prices.

Mr. HEWITT. Would not domestic competition have reduced the price to what it is now, even if the duty had been kept up at \$9 a ton? Have we not got one-half of the furnaces of this country out of blast through domestic competition?

Mr. THROPP. I know that, but, at the same time, there hangs over us the fear of foreign competition. This week, while we were negotiating for a quantity of foreign ore, the question came up: "What will you ask for Bessemer iron produced from this ore?" As soon as we named a figure at which we felt we could buy this foreign ore and make Bessemer pig iron out of it, and run our establishment at the wages we are paying, we found that we could not have made more than 4 per cent. on our actual capital invested, and we are working in the most economical way. The moment we named a price that would have covered that they at once said, "Mr. Thropp, if you ask that for Bessemer iron we will import it."

Mr. HEWITT. Could you not have taken that order at the price named, if you could have saved 75 cents a ton on foreign ore?

Mr. THROPP. Supposing that everything else had remained the same, I could have taken that order.

Mr. HEWITT. And you could have employed American labor at your furnace instead of letting that order go abroad?

Mr. THROPP. Yes; if everything else had remained the same.

Mr. HEWITT. You are testifying in a straightforward manner, giving the exact facts. Let me confirm what you have been saying. I was compelled to refuse that identical order for the same reason as you did; that I could not make Bessemer pig-iron at the price and pay 75 cents duty on the foreign ore; and my furnace stands idle for that simple reason. That is the reason why I am driven to the conclusion that it is better to have free foreign ore.

Mr. REED. The same thing would be obtained by increasing the duty on pig-iron.

Mr. HISCOCK (to Mr. Thropp). How much was the duty on pig-iron increased by the tariff of 1853?

Mr. THROPP. From about 50 cents a ton to about 75 cents a ton.

Mr. HISCOCK. How does the price of American ore now compare with the price before the duty on iron ore was increased?

Mr. THROPP. The price of American ore to-day is lower than it was when that duty was increased, because of the general depression that exists in trade throughout the country.

Mr. HISCOCK. Is it affected in this way to a certain extent, that, so far as the duty is put on iron ore, and so far as that insures an American market to the production of the American mines, there is more confidence on the part of the owners of ores and ore bodies to work them, and there is a greater stimulus to competition than there would be if there were nothing to protect the market for them?

Mr. THROPP. Most certainly.

Mr. HISCOCK. So that one of the effects of the increase of duty on iron ore has been really to lower the price of iron ore in America?

Mr. THROPP. I would hardly like to say that that is an effect of the increase of the duty on iron ore, for the reason that I look upon the decrease in the cost as partly owing to the depressed condition of trade generally. But I say now that we are depressed. Taking our industry alone (the blast furnace industry); it is employing to-day in the neighborhood of 201,000 workmen in this country. That industry should be carefully considered before any legislation should be acted upon which the parties most interested consider would be detrimental to their interests and to those of the great manufacturing industries of the country. I speak in the interest of from 201,000 to 210,000 men who are employed in this industry, including those employed in mining, transportation, &c., up to the time the pig-iron is put upon the market. You have heard the other interests. One way is to look courageously at

the facts and to see whether this interest is not sufficiently developed to take care of the American market in every way, without the interference of any foreign competition whatever.

Mr. HEWITT. Do you not try and get coal as cheaply as possible?

Mr. THROPP. Certainly.

Mr. HEWITT. Why, then, do you object to having ore as cheaply as possible?

Mr. THROPP. I do want to have it as cheaply as possible.

Mr. HEWITT. If you can get it cheaper by taking off the duty of 75 cents a ton on foreign ore, why are you not willing to do it?

Mr. THROPP. Because, while we might gain in the immediate present by such a change in the policy of the Government, I think that, by keeping the present duty on, we shall so stimulate the development of American iron-ore deposits that the output of American mines will be so largely increased that the home competition in the sale of iron ores will be sufficiently great to keep down the prices.

Mr. HEWITT. But even without the duty on foreign ore, I do not find that any foreign ore can be bought here (owing to the cost of freight alone) at a less price than the labor in getting out the American ore costs. How then are we deterred from going to work and finding American ores? The competition, with duty, does not have that effect, and the competition, without duty, would not do it, because we have not got the kind of ore that we need.

Mr. BURT. We have that kind of ore, and if you do not take the ore, we will send you the metal.

Mr. HEWITT. Then, what you want us to do is to take Mr. Thropp's business away from him in the East and allow you to have it in the West?

The CHAIRMAN (to Mr. Thropp). Is there anything further that you desire to state to the committee?

Mr. THROPP. No, sir. I will answer any further questions that any member of the committee may ask.

The CHAIRMAN. You have made a straightforward, candid statement, and I have no questions to ask you.

STATEMENT OF MR. H. A. BURT.

Mr. H. A. BURT, of Milwaukee, Wis., next came before the committee. He said:

Mr. Chairman and gentlemen of the committee: I come from the Lake Superior iron region. I am engaged in iron manufacturing, and am interested, to some extent, as a stockholder in mining iron ore. This whole discussion, so far as Mr. Hewitt appears to carry it on, proceeds upon the assumption that it is necessary that Eastern manufacturers should make iron. Now, we in the West do not admit that at all. We do not admit that it is necessary to have iron made in the East. The West is just as much a part of the country as the East; and if we in the West have the raw materials out of which to produce Bessemer metal sufficient for the wants of the country, why not make it there and send it to the East? If our product cannot come to the East in the form of iron ore, why cannot it come in the form of metal? If it cannot come as cheaply in the form of metal as it can come in the condition of steel already manufactured, why should it not come in the condition of steel already manufactured?

STATEMENT OF MR. FRANK S. WITHERBEE.

Mr. FRANK S. WITHERBEE, of the Cedar Point Iron and Steel Company, Port Henry, N. Y., next addressed the committee. He said:

Mr. Chairman and gentlemen: I am engaged in the iron-ore mining business, and I wish to say, as against what Mr. Hewitt and others have said, that the State of New York can produce iron ore. She is to-day producing it, and within a year she will be producing it a great deal more. But there remains one fact staring us in the face, and that is the difficulty of getting new capital to embark in the business. That arises from the fact that, from year to year, we are threatened with the duty being withdrawn. The 75 cents duty is far more than the profit which we expect to make out of the ore; and if that duty be taken off, it will be a very serious thing for us, and we have got to inquire whether we shall close our mines. With the duty threatened to be taken off, it is almost impossible for us to get new capital invested in the enterprise. We are met by the Canadians, who ask us to go into the enterprise on their side of the line, promising that if the duty on iron ore is taken off as is threatened, they will be able to supply our markets with iron ore. We are between two fires.

Mr. HEWITT. Where are the Bessemer mines in New York that you speak of?

Mr. WITHERBEE. The largest deposit is at Chateaugay, back of Plattsburg. That is a deposit which is practically unlimited. Deposits will be opened within a year in Saint Lawrence County. We own mines at Port Henry, in the Lake Champlain district which we are trying to develop. Mr. Hewitt said that he had applied to all the iron-ore mine owners whose letters were read by Mr. Ely; but I must say that we were not applied to by Mr. Hewitt for Bessemer ore.

Mr. HEWITT. I referred to the Chateaugay iron-ore owners, to whom I applied myself and who declined to take the order.

Mr. WITHERBEE. I understood you to refer to all the ore owners whose letters Mr. Ely read.

Mr. HEWITT. But he did not read any letters from you.

Mr. WITHERBEE. I beg your pardon; he did.

Mr. HEWITT. I did not hear it. Now, at what prices have the Chateaugay ores been sold this year?

Mr. WITHERBEE. I cannot say, because I am not interested in that company.

Mr. HEWITT. My object is to ascertain whether there can be any competition between the foreign iron ores sold in New York and the Chateaugay ores, taking into consideration the freight on foreign ores. I want to ascertain whether the duty of 75 cents a ton is essential to the producers of domestic iron ore. You say that the Chateaugay mine can supply an unlimited quantity of ore. Now, I ask you if you can tell us at what price the Chateaugay ore is sold delivered on the Hudson River?

Mr. WITHERBEE. I cannot speak as to Chateaugay ore.

Mr. HEWITT. What is the price of any Bessemer ore delivered at Troy?

Mr. WITHERBEE. Bessemer ore delivered in New York Harbor can be sold at from 9 to 10 cents the unit. I do not speak of the Chateaugay ore or of the ore from any other particular mine. There are other mines to be developed whose ore can be put in there cheaper. The price of foreign ore governs the price of New York State ore, and if you take the duty off from ore, you have got to reduce the price of domestic ore to the same extent. If you take off the duty from foreign ore, the ore mines in the State of New York will have to be closed.

Mr. HEWITT. Is there any gentleman in the room who knows the price of Chateaugay ore delivered on the Hudson River in 1887?

Mr. PULLMAN (treasurer of the West Point Iron Company, West Point, N. Y.) replied: I think they were sold, delivered, at Scranton for \$5 a ton.

Mr. HEWITT. But I want to know what they were sold for, delivered on the Hudson River.

Mr. PULLMAN. The rate of freight would be about \$1.75 per ton from Troy to Scranton.

Mr. HEWITT. That corresponds with the price of \$3 a ton delivered on the Hudson River.

Mr. WITHERBEE. I never knew the Hudson River ore to be sold as low as that. I should think that the freight from Plattsburgh south would be from \$1.50 to \$1.60 a ton.

Mr. HEWITT. What guarantee do they give as to the richness of the Chateaugay ore?

Mr. WITHERBEE. I cannot tell.

Mr. COLEMAN. I think it can be guaranteed at 48 per cent.

Mr. HEWITT. Taking the rate at \$3.50 a ton in New York that would cover it.

Mr. WITHERBEE. I do not think it would.

Mr. HEWITT. Make it 8 cents the unit, and that would bring it up to \$4 a ton. That would cover it.

Mr. WITHERBEE. Not any less price would, because it is not water transportation alone that we have; but we have rail transportation from the mines to the river.

Mr. HEWITT. What is the lowest rate at which foreign ore sold in New York this year?

Mr. WITHERBEE. I take it that it sold at about the same rate in New York as at Philadelphia, from 8 to 9 cents the unit.

Mr. HEWITT. Eight and one-half cents is the lowest and 9½ cents the highest that I have heard of its being sold at.

Mr. WITHERBEE. It has been extremely high this year, higher than it has been for some years.

Mr. HEWITT. I do not think it should be so, if the doctrine be right that the tariff keeps prices up. The Chateaugay ore is strictly in Bessemer ore.

Mr. WITHERBEE. Yes, sir. Philadelphia is the port where the largest part of the foreign ores comes in.

Mr. HEWITT. Those of us who want to buy ore are very glad to buy it in New York. We want to know whether this duty of 75 cents a ton does really give a market to American ores.

Mr. WITHERBEE. I think it does.

Mr. HEWITT. But you produce no figures to show that it does.

Mr. WITHERBEE. American ores can be sold in New York at from 8 to 9 cents the unit, and that is not a high price.

Mr. HEWITT. But they are actually sold for less. You came here to speak for Bessemer ore?

Mr. WITHERBEE. Yes; and I say that we deliver ours at New York for \$4 a ton.

Mr. HEWITT. How rich is your ore?

Mr. WITHERBEE. Fifty per cent.

Mr. HEWITT. That would be 8 cents the unit for Bessemer ore. Do you know any foreign Bessemer ore that sells at 8 cents the unit?

Mr. WITHERBEE. Not at present; but I think it will be sold at that this year. The price of American ores is entirely controlled by that of the foreign ores. Remove the duty on foreign ores and I claim that that will destroy the iron-ore mining industry in Northern New York.

Mr. HEWITT. Do you know at what price the iron ores of the Hudson River Company are sold?

Mr. WITHERBEE. I do not.

Mr. HEWITT. They are sold at \$2.50 a ton at Hudson. Do you know how rich they are?

Mr. WITHERBEE. I do not.

Mr. HEWITT. They guarantee 48 per cent.; that makes the price a little over 5 cents the unit.

Mr. HISCOCK (to Mr. Hewitt). Is it true that this foreign ore can be used for the same purpose as the domestic ore, and that, practically, the price of foreign ore controls the price of American ore?

Mr. HEWITT. That is not my experience at all. I buy foreign ores. I have to buy them in order to work up a reasonable amount of New Jersey ores; by buying these foreign ores, which are low in phosphorus, and for which I pay 9½ cents the unit, I am able to work up more New Jersey ores than I otherwise could; they are not in competition, but they help each other.

Mr. HISCOCK. The laws of trade will control that question; the American miners will sell their ores as nearly as possible at the price of the foreign ores, and any attempt at comparison does not prove anything.

Mr. HEWITT. But I want to show by this gentleman that the duty of 75 cents a ton on foreign ore does not give the market to American ore producers.

Mr. HISCOCK. Mr. Witherbee admits that, with 75 cents a ton duty, American ore producers can hold the market; but he says that they are at all times threatened with a reduction of the duty, and that under that threat they cannot get the capital in to develop their mine.

Mr. HEWITT (to Mr. Witherbee). Are you deterred by want of capital from developing your mine?

Mr. WITHERBEE. Speaking individually, I am not, but others are; and I say that I would hesitate a very long time about embarking in Bessemer ore mines, feeling that the duty on foreign ore might be taken off next year. It is a question of life and death with us in the State of New York.

Mr. HISCOCK. You have capital enough to work your own mine, but you would not put capital in another mine for the purpose of developing it?

Mr. WITHERBEE. I would not.

Mr. HEWITT. I wanted to ascertain from Mr. Witherbee at what price any given Bessemer ore can be delivered on the Hudson River per unit in comparison with foreign ores. Chateaugay ore is a good ore. If I could get the price of Chateaugay ore and compare it with that of foreign Bessemer ore, then we would have facts before us, and the committee could judge of this matter; but Mr. Witherbee does not seem to have the facts.

Mr. WITHERBEE. I should say that the Chateaugay ore can be delivered in New York at about the same price as the foreign ores. I think it can be delivered at about 8½ to 9 cents the unit, just about the price of foreign ore.

STATEMENT OF MR. J. WESLEY PULLMAN.

Mr. HEWITT (to Mr. Pullman). Are you familiar with the iron ore mines of New Jersey?

Mr. PULLMAN. I am with a section of them.

Mr. HEWITT. You know as much about them as any living man.

Mr. PULLMAN. I think not; that is a high compliment.

Mr. HEWITT. You have been all over these mines?

Mr. PULLMAN. I have been since you sent me there.

Mr. HEWITT. Do you know any iron ore in New Jersey, any considerable extent of iron ore, low enough in phosphorus to make pig-iron without mixture?

Mr. PULLMAN. Certainly.

Mr. HEWITT. What mines produce such ores?

Mr. PULLMAN. The mines that are opened by the Bethlehem Company and the Turkey Hill mine. The ore of the Turkey Hill mine is one case of comparatively pure Bessemer ore. In another region a mine that was opened by the Crown Tin Company has been purchased and is being used for Bessemer purposes.

Mr. HEWITT. Can you tell the product of the Turkey Hill mine?

Mr. PULLMAN. I cannot tell you; it is perhaps between 20,000 and 25,000 tons a month.

Mr. HEWITT. Do you know of any other iron ores there low enough in phosphorus to be worked alone?

Mr. PULLMAN. Undoubtedly. The ore of the Roseville company; but it is some distance from the canal and railway, and that mine is not worked at present.

Mr. HEWITT. That is not a very extensive deposit of ore?

Mr. PULLMAN. It is thought that a great deal of ore will be found there. It might produce a thousand tons a month, I suppose.

Mr. HEWITT. What others are there?

Mr. PULLMAN. There is a mine at Big Hill, but that ore requires roasting for sulphur. It has been used successfully.

Mr. HEWITT. Take all the mines that you know in New Jersey that are available, do you suppose that New Jersey can supply more than 100,000 tons a year of ore capable of being worked all for Bessemer purposes?

Mr. PULLMAN. I would not like to give, off-hand, the total product of the New Jersey mines.

Mr. HEWITT. There are a large number of iron ores in New Jersey with a little too much phosphorus?

Mr. PULLMAN. Certainly; quite a large number. I can give you the average of the Chester ore.

Mr. HEWITT. That is a little over the limit?

Mr. PULLMAN. Yes.

Mr. HEWITT. If you have other ore that is low in phosphorus you could use the Chester ore for Bessemer pig-iron?

Mr. PULLMAN. Yes: it is now used at Scranton.

Mr. HEWITT. Foreign ore would enable us to use up these New Jersey ores, would it not?

Mr. PULLMAN. You are assuming all the time that we must have resort to foreign ores.

Mr. HEWITT. I do not assume it, but I say that foreign ores would enable us to use the New Jersey ores.

Mr. PULLMAN. No more than the domestic ores would.

Mr. HEWITT. Certainly, if you can get them. It is a question of phosphorus in the ores; we can get ores from abroad low enough in phosphorus.

Mr. PULLMAN. If we are limited to foreign ores your statement is perfectly correct.

Mr. HEWITT. Then that is true of the foreign ores?

Mr. PULLMAN. Certainly, sir.

Mr. HEWITT. Are Cooper, Hewitt & Co. mine owners in New Jersey?

Mr. PULLMAN. I am not connected with the company now; their ore mine is at Green Pond.

Mr. HEWITT. Do you know whether they mine ore?

Mr. PULLMAN. I do know it.

Mr. HEWITT. Do you know that Cooper, Hewitt & Co. own mines at Chester?

Mr. PULLMAN. Yes.

Mr. HEWITT. Do you know that they have an interest in the Chester Iron Company?

Mr. PULLMAN. Yes.

Mr. HEWITT. Then Cooper, Hewitt & Co. are tolerably extensive owners of mines in New Jersey?

Mr. PULLMAN. I think that their investment in iron mines is quite large. In 1874 and 1875 I was at the Chester mines, of which Mr. Hewitt speaks, and at the Green Pond range, with which he is familiar, and I saw 65,000 tons of ore of the description Mr. Hewitt names, a little over the level in phosphorus and decidedly high in sulphur, so as to require roasting. Nine-tenths of it was sent to Steelton, and undoubtedly it was all used in making steel rails between 1874 and 1875. Ten thousand additional tons went to the furnace adjoining. At that time we imported 50,000 tons in round numbers. That is the outside importation during the years 1874 and 1875. Now, according to Mr. Hewitt's theory (which is a very plausible one, provided it cannot be controverted), we might enlarge the consumption of our New Jersey ores. The demand for those ores would naturally increase, he thinks, as we increase the importation of foreign ores. But I want to state as a fact to this committee (as I did state before

the tariff commission) that in 1883 not a single car-load of these ores was shipped for Bessemer purposes. Just to the extent to which you enlarge the facilities for having foreign ores, just to that extent you decrease the use of domestic ores, which are a little high in phosphorus, but can be used in mixture with a low phosphorus ore.

Mr. HISCOCK. That is to say, that as you brought in foreign ores, the effect has been not to develop the American mines, but to close them up.

Mr. PULLMAN. They have been running in a very precarious way, but not for Bessemer uses.

Mr. HEWITT. Do you think that domestic ores can be used without foreign ores for making Bessemer pig-iron?

Mr. PULLMAN. I think so.

Mr. HEWITT. Can you tell us where we can get American ores to mix with these high phosphorus ores? Can you indicate the locality?

Mr. PULLMAN. Yes; you can get ore from the Mahopac Company, from the Hudson River Company, from Chateaugay, &c.

Mr. HEWITT. Do you not know that we have bought every ton of the Mahopac ores?

Mr. PULLMAN. I do not know it.

Mr. HEWITT. We did, and we applied to the Chateaugay Company, and could not get the ore we wanted.

Mr. PULLMAN. I have a contract for 50,000 tons of ore this year, and I expect to be able to produce a good quality of iron ore. We have a contract with Mr. Witherbee, who certainly makes a satisfactory Bessemer iron. We propose making an American Bessemer pig-iron from American ore. We profess to do so.

Mr. HEWITT. If you could make Bessemer pig-iron cheaper, would you like to do so?

Mr. PULLMAN. As a manufacturer of pig-iron, I undoubtedly would.

Mr. HEWITT. Would you not like to make money as a manufacturer?

Mr. PULLMAN. Certainly; but I do not agree with you in the belief that you will get foreign ore 75 cents a ton cheaper by taking the duty off. In theory, I agree with Mr. Ely in what he has said, and with Mr. Thropp. I am, at present, more of a consumer of iron ore than a miner of iron ore.

Mr. HEWITT. What about the extent of the deposit of the Turkey Hill mine?

Mr. PULLMAN. I cannot give the figures. That mine was expensive to work; and I have no doubt that the importation of foreign ore exerted an extremely bad effect on the Turkey Hill mine.

Mr. BRECKINRIDGE, of Arkansas. If you believe that the removal of the duty of 75 cents a ton for ore would not reduce the price of foreign ore, why would it not do so?

Mr. PULLMAN. I do not say that it would not reduce the price of foreign ore; but I say that we cannot expect a reduction to the entire amount of 75 cents in the price. Suppose you notify us that on the 1st of July next iron ore will be on the free list, a few wealthy and active business men will immediately go to work and contract for 1,000,000 tons of foreign ore, and take as much discount as they can get. But, as to the general consumer of iron ores being benefited to the extent of the 75 cents taken off in the duty, I think that that is a pure illusion. As a purchaser of iron ores to a larger extent than a producer of them, I believe that it is better for us to develop our American mines, even at an apparent disadvantage, so that we may enlarge the production of American Bessemer iron ore. American Bessemer iron ore is scarce at present, and I lay at the door of an inadequate duty the cause of the scarcity.

Mr. HISCOCK. Where does this foreign ore come from?

Mr. PULLMAN. Largely from Africa and from the island of Elba.

Mr. HISCOCK. To whom do the Elba mines belong?

Mr. PULLMAN. To the Italian Government.

Mr. HISCOCK. And all the iron mines in that island are owned by one power?

Mr. PULLMAN. Yes.

Mr. HISCOCK. How about the Spanish ores?

Mr. PULLMAN. I understand that they are largely owned in England.

Mr. HEWITT. There are a great many owners of the Spanish mines. In what year did you say that the ores from Green Pond went to Steelton?

Mr. PULLMAN. In the years 1874 and 1875, during which time the importation of foreign ores did not exceed 50,000 tons.

Mr. HEWITT. I suppose you are aware of the fact that the Green Pond mine has been in litigation and unworked?

Mr. PULLMAN. That is only the mine belonging to the Green Pond Iron Mining Company.

Mr. HEWITT. We found that that ore contained a little too much phosphorus to be worked alone, and we had to get foreign iron ore to mix with it, so as to enable us to work up those ores that were not quite low enough for the purpose. If I cannot get them here I want to be able to get them abroad.

[Telegram.]

NEW YORK, 11.

Hon. WILLIAM MCKINLEY:

(Care of Committee on Ways and Means), *Washington*:

We, the undersigned wire manufacturers, of the United States, in convention assembled to-day, and representing over 90 per cent. of the wire manufacturing capacity of this country, or 260,000 tons annually, do hereby earnestly protest and remonstrate against any proposed reduction of the duty on foreign wire and wire rods.

ASHLEY WIRE COMPANY, JOHN A. ROEBLING SONS' COMPANY, CAMBRIA IRON COMPANY, P. E. CHAPIN, GENERAL MANAGER; GENERAL WOOL, GRISWOLD & CO., T. ITER, OLIVER AND ROBERTS WIRE COMPANY, LIMITED; SAINT LOUIS WIRE MILL COMPANY, CLEVELAND ROLLING MILL COMPANY, C. DICKERSON, WASHBURN AND MOEN MANUFACTURING COMPANY, AND OTHERS.

Protest of the United States Association of Charcoal Iron Workers against House bill No. 5,576, presented to the Committee on Ways and Means, Washington, D. C., March 6, 1886, by Mr. George B. Wiestling, chairman special committee.

The United States Association of Charcoal Iron Workers, an organization extending throughout most of the States and Territories, and embracing in its membership a large majority of the producers and users of charcoal iron, respectfully present the following:

(1) The charcoal-iron industry is more widely distributed than any other branch of the iron business, being in existence in twenty-three States and two Territories, the most prominent producers being, in order, Michigan, Alabama, New York, Tennessee, Pennsylvania, Missouri, Wisconsin, Ohio, Connecticut, Virginia, and Maryland.

(2) More labor is directly employed per ton of product in the charcoal-iron industry than in any other single branch, and this labor is of a diversified kind, being engaged in mining ores, chopping wood, making charcoal, reducing the ores in furnaces or forges, working iron into blooms, slabs, billets, bars, rods, castings, &c., in forges, mills, foundries, and shops.

(3) The reductions made in customs duties by the tariff revision of 1883 have materially injured the charcoal-iron industry, and in some specialties it has been so crippled that works are idle and must remain so until relief is given by higher duties or until American labor is reduced to the basis of that in foreign countries.

(4) While naturally sympathizing with any depression of the iron business, a special effect of reductions in duties upon the charcoal-iron industry is evident from the percentage of decrease in charcoal pig-iron production as compared with the total make of pig-iron.

From 1878 to 1883 the percentage of increase for the total pig-iron production was 101 per cent., and during the same period the production of charcoal pig-iron increased 138 per cent., indicating a determination to keep abreast of the times and utilize all economic methods.

In 1883 (the year of the tariff revision) the total pig-iron production was increased 6.6 per cent., but the output of charcoal pig iron was less than in 1882 by 18 per cent.

In 1884 the charcoal pig-iron production decreased 19.8 per cent., and in 1885, 12.8 per cent.

The decrease in the three years since the adoption of the present tariff is as follows: Total pig-iron, 12.5 per cent.; charcoal pig-iron, 42.7 per cent.

Such a marked decline cannot be accounted for by general business depression. But allowing liberally for this, as well as for any possible loss in specialties of domestic manufacture affecting the production of charcoal pig-iron, we assert that the tariff of 1883 has caused a decline of output in the manufacture of charcoal iron much greater than in pig-iron made with mineral fuel.

(5) That the industry has been well sustained by those engaged in it and that the decreased production is not due to timidity is evident from the increase of stocks.

On January 1, 1883, the stock of charcoal pig-iron represented 27.5 per cent. of the total pig-iron in makers' hands, and this proportion has steadily increased until on January 1, 1886, it represented 55.8 per cent. of the total stock, and more than half of the product of charcoal pig-iron in 1885.

(6) The wide distribution of the charcoal pig-iron industry commands attention from Congress, and the possibility of foreign iron being brought close to most of the furnaces by vessels entering the ports of the Atlantic, Pacific, or Gulf, or through the Mississippi jetties, the Welland Canal, and our great river and lake system (thus practically opening any market in the country by reduction of tariff), demonstrates that protection is in no sense local, but strictly national.

(7) The steadily increased production of charcoal blooms was checked by the inter-

pretation of the tariff of 1883, which admitted foreign wire rods, steel blooms, &c., at low duties; and since that time the decline has been so rapid that less than one-half the quantity of charcoal blooms was made in 1885 than was produced in 1882.

(8) Notwithstanding the severe injury done by the tariff of 1883 to the charcoal-iron industry, the manufacturers have borne the burden rather than disturb business by appealing for relief to Congress and encouraging another tariff discussion. They have in many cases continued their business at a loss, giving employment to those depending upon them, and hoping that Congress would at least prevent any further agitation of the subject.

We respectfully and firmly protest against any further reduction of duties; on the contrary, we ask that duties equivalent to those in existence prior to the year 1883 be re-established, and we especially urge that all duties be made specific.

We also urge your committee to report such duties as will encourage the manufacture from American iron of tin plates, of which over 200,000 tons are annually imported.

We make this protest not solely as a protection to capital, but also as a duty to the many thousands of mechanics and laborers dependent upon the industries we represent. An examination of the facts will demonstrate the injury already done to our industries, and show that any further reduction of duties will be at the sacrifice of American labor.

J. C. FULLER,
President.

Attest:

JNO. BIRKINBINE,
Secretary.

[New York Metal Exchange, Burling Slip and Pearl street.]

NEW YORK, *February 24, 1886.*

Hon. W. R. MORRISON,
Chairman Committee on Ways and Means:

DEAR SIR: The press has made a number of statements that your committee would receive arguments on the new tariff bill, and, assuming that some of these, at least, are correct, I beg leave to submit a memorandum in regard to the duty on pig-iron. I have no authority to speak in this matter on behalf of the Metal Exchange officially, but am satisfied that I represent the wishes of a large majority of its members, as well as a considerable number in the metal trades throughout the country, in urging a further reduction than that you have proposed.

In a letter addressed to Secretary Manning, on the "iron duties," a number of prominent gentlemen, with whom I signed this letter, have already demonstrated that the advanced price which the tariff compels consumers of pig-iron to pay is received, not by the manufacturers of the iron, but by the producers of raw material. With this fact granted, it is clear that (the required plant in the shape of furnaces being established) we would make just as much iron for domestic consumption under a system of absolute free trade in pig as we do now; and in all probability a largely increased amount to meet the demand for export of finished goods, which lower prices would enable us to supply, although it would be necessary to take with due caution the steps necessary to reach this condition lest a natural, even if unreasonable, alarm should be created in the market.

The reduction of \$1.12 in the duty which your bill contemplates is excellent as far as it goes in reducing the cost to the domestic consumer; but it would do very little toward putting us on a basis where we could export our various products of iron freely. This could hardly be accomplished without a reduction of from \$3 to \$4 a ton, a cut which could hardly be made at one stroke without risk of a serious derangement of the various interests involved, owing to the purely *moral* effect that would be produced. To avoid this contingency, I would suggest that legislation which would take from the present rate of \$6.72 per ton a dollar or a dollar and a half each year or two for a series of years would enable us to reach a point where we could establish an export trade without any serious shock. With pig iron at a sufficiently low level, I think you can safely depend on the domestic competition keeping down prices in the more highly-finished forms, since in most of these there is nothing that corresponds to the natural monopoly of an ore bed, and, as transportation does not have to be paid on a large percentage of waste matter in what constitutes their raw material, there is nothing to prevent them from importing enough of such raw material to guard against any possible combination of home producers, provided such importations were made free of duty.

In conclusion, I may point out the actual amount of protection that is required to-day to prevent a flood of foreign stuff. The ruling price of No 1 American foundry pig is now \$19, and the *average* price of such Scotch brands as come into competition

with this grade is at present *about* \$13 laid down at New York, including cost, freight, insurance, and commissions of selling, &c. As the Scotch iron is of intrinsically poorer quality than the American, it cannot displace the latter to *any great extent* unless selling at from \$2 to \$3 a ton lower price; so that with the prices now ruling in *our* own and foreign markets respectively, a duty of from \$3 to \$4 a ton would establish a practical parity. It may be noted that this calculation is made on prices for Scotch iron, which are the lowest ever known, and that the average for the last ten or twelve years is $33\frac{1}{3}$ per cent. higher than the quotations of to-day, while the average price for No. 1 American iron is only about 20 per cent. higher than is now ruling. Except, then, for the moral effect of disturbing trade conditions too suddenly, we could perfectly well stand an immediate reduction of the duty on pig-iron to, say, \$3.50 per ton.

Yours, very respectfully,

EDWARD J. SHRIVER.

WORCESTER STEEL WORKS,
Worcester, Mass., February 25, 1886.

Hon. W. R. MORRISON,
Chairman of Committee of Ways and Means,
Washington, D. C. :

MY DEAR SIR: I have read with interest a synopsis of your tariff bill. I think you sought to make a bill that shall be for good.

I beg to call your attention to one point that will improve it.

In the bill adopted in 1883, on page 27, commencing with line 648, you will find that *iron* is only mentioned; it should have read iron and *steel*.

As I understand, your new bill leaves that the same. Now, steel requires more labor and capital to make it than does iron, and should have at least equal protection. Iron has $1\frac{1}{16}$ cents per pound, while steel of same kind, on 45 per cent. ad valorem, less than half as much as iron.

It really should be reversed, if any change was made. Importers of steel billets do not wish the change, as I hear Mr. Hewitt, who is on your committee, is an importer, and was in 1883, and, of course, does not wish a change; nevertheless, a change should be made, if the welfare of the laborers is to be consulted. We certainly cannot make them as cheaply as they are now being imported, which is not fair.

I have written our friend Collins on the subject, and he may have spoken with you.

Steel is now being used in place of iron extensively, and should have a fair protection.

The uncertainty hanging over this question is having a depressing effect on the business, and I trust you will be able to put it at rest, that the country may go forward.

Excuse me for troubling you, stranger as I am to you, but the loss of \$50,000 the last year in our business prompts me to write you.

I am, truly yours,

GEO. M. RICE,
President.

CHICAGO, February 26, 1886.

Hon. WILLIAM MORRISON,
Washington, D. C. :

We would respectfully draw your attention to the duty on wire rope.

Last alteration of the tariff increased duty on galvanized wire rope instead of diminishing it, and this rope is largely used on vessels which, instead of being further burdened, ought to be lightened for the good of our shipping trade.

The duty on all wire rope is at present very high.

Respectfully soliciting that the same will have your honorable committee's attention to its reduction.

And your petitioners will ever pray.

H. CHAIRMAN & CO.,
D. MONTGOMERY, *Vice-Pres.*

NEW YORK, February 6, 1886.

Hon. WILLIAM R. MORRISON,
Chairman Committee of Ways and Means, Washington, D. C. :

DEAR SIR: We notice by the public press that a bill is in preparation revising the present tariff act.

With the view of calling your attention to wire rope, which now pays an exorbitant rate, we herewith inclose statement showing rates which amount to a prohibition on galvanized and nearly so on bright iron and steel rope.

Three-fourths cent to 1 cent per pound on galvanized, and 1 cent to 1½ cents per pound on bright iron and steel, wire rope ought to be sufficient protection.
Soliciting your careful consideration of this subject, and hoping for a revision that will put this article on a more equitable footing, we are,
Very respectfully, yours,

JOHN W. MASON & CO.

*Statement showing present rate per cent. of duty on wire rope.**

	Present rate of duty per pound.	Average rate per cent. of present duty on market value.
	Cents.	
Galvanized B B wire rope for ships' rigging:		
Made of wire from No. 5½ to No. 10 wire gauge.....	3	100. 4
Made of wire from No. 10½ to No. 16 wire gauge.....	3½	102. 9
Made of wire from No. 16½ to No. 26 wire gauge.....	4	80
Galvanized charcoal iron wire rope for ships' rigging:		
Made of wire from No. 5½ to No. 10 wire gauge.....	3	77. 8
Made of wire from No. 10½ to No. 16 wire gauge.....	3½	81. 9
Made of wire from No. 16½ to No. 26 wire gauge.....	4	68. 19
Bright charcoal iron ropes for hoisting purposes and transmission of power:		
Made of wire from No. 5½ to No. 10 wire gauge.....	2½	59. 53
Made of wire from No. 10½ to No. 16 wire gauge.....	3	60. 04
Made of wire from No. 16½ to No. 26 wire gauge.....	3½	49. 91
Bright crucible steel ropes for hoisting purposes and transmission of power:		
Made of wire from No. 5½ to No. 10 wire gauge.....	3½	62. 78
Made of wire from No. 10½ to No. 16 wire gauge.....	4	59. 08
Made of wire from No. 16½ to No. 26 wire gauge.....	4½	41. 97

* The above statement is based on importations of one ton of each of the standard sizes of wire rope, invoiced at present current market prices, showing present rate of duty and rate per cent. of present duty.

NOTE—By far the greater part of all wire rope used is made of wire from No. 10½ to No. 16 gauge. It will be observed that the highest rates are levied on sizes of greatest consumption.

JOHN W. MASON & CO.,
Importers of and Dealers in Wire Rope,
43 Broadway, New York, February 6, 1886.

NEW YORK, January 21, 1886.

Hon. WILLIAM R. MORRISON,
Chairman Committee on Ways and Means, House of Representatives,
Washington, D. C.:

DEAR SIR: We beg to call your attention to the duty imposed by the present tariff on galvanized wire nettings, an article which is used for fencing poultry-yards, &c. The change made from the old rate to the present was an increase from 35 per cent. to over 100 per cent. Whilst it may be necessary to have some duty, an increase of such magnitude is certainly unjust, and we trust that you will not overlook it when considering a revision. It comes under the head of Schedule C, and was formerly classified under manufactures of iron and steel not otherwise provided for. Under the present tariff it pays 5 cents per pound, equal to \$100 per ton of 2,000 pounds, under the clause which states that iron or steel wire nettings made in meshes of any form shall pay a duty equal in amount to that imposed on iron and steel wire of same gauge, together with an additional 2 cents a pound, and ½ cent per pound when galvanized. To give you an idea of the injustice of this tax, we beg to cite a recent importation from London:

Cost of 195 rolls on board steamer, London	\$272 68
Freight to New York.....	35 83
	<hr/>
	308 51

Weight 6,462 pounds, at 5 cents dnty, \$323.10, over 100 per cent. When it is considered that these goods are used mostly by people of moderate means the injustice of such a tax is apparent.

Would the promoters of such a scheme dared to have asked for \$100 per ton or 100 per cent. duty, and would not such a thing been voted down by a large majority?

We trust that you will not overlook this matter, but give it careful attention.

We remain, very truly, yours,

BROCKNER & EVANS.

AMERICAN NICKEL WORKS,
Camden, N. J., March 6, 1886.

Hon. WILLIAM R. MORRISON,
Chairman:

DEAR SIR: According to promise, I submit for the information of your committee a brief statement concerning nickel:

1. Under the provisions of the bill now before you nickel would be admitted duty free as a crude metal not otherwise provided for in the act. While fully believing your assertion that this was not intended by you, I suspect that it was intended by some one who induced you to adopt that language, for foreigners have sold their nickel here this year with the condition that when the duty is taken off the buyer shall have an equivalent reduction in price.

2. Since the duty on nickel was reduced in 1883, at the instance of New England nickel buyers, from 25 cents to 15 cents per pound, American nickel-making has been at a low stage; the gross profits of this large establishment (covering 3 acres and costing \$200,000) were for all three years, 1883, 1884, and 1885, \$1,501.31, nothing being allowed for rent or interest on capital.

3. By the existing law nickel in ore or in matte pays the same duty as finished nickel—an absurdity which does not hold in the case of any other metal. The duty on nickel in ore should be about one-third, and that on nickel in matte or other unfinished form should be about two-thirds of the duty on nickel; for instance, on nickel in ore, 5 cents per pound; on nickel in matte, &c., 10 cents per pound; on nickel and nickel alloy, 15 cents per pound.

Yours, truly,

JOSEPH WHARTON.

PONTIAC, MICH., February 10, 1886.

Hon. W. R. MORRISON:

DEAR SIR: I hope that your tariff bill will cut deep into the copper monopoly of Michigan.

The *war tariff* was $2\frac{1}{2}$ cents; the *peace tariff* of 1869, 5 cents; the commission tariff, 1883, 4 cents. One mine, the Calumet & Hecla, has divided for years a half million dollars every quarter except three, when it stopped dividends to buy a tract of land adjoining, costing \$1,250,000. In 9 months last past it has divided \$1,700,000, and the total assessments have never aggregated \$1,000,000, though this plant, paid for out of profits, reaches to millions, and now the 4-cent protection enables them to get 14 cents in the home market, while they sell their surplus in London for 11 cents, thus taxing our own people to cheapen the product to foreigners. Beg pardon for calling your attention to what you doubtless already know; but I have found that our Michigan Congressmen would be chary of their Michigan (Boston) copper interest.

Michigan iron ore has not any better claims on the overburdened tax-payers than copper; but I will not trespass longer upon your time.

Truly, yours,

BYRON G. STOUT.

[Gummey, Spering, Ingram & Co., importers of tin-plate, dealers in metals, sheet-iron, zinc, wire, rivets, copper goods, stamped ware, &c.]

PHILADELPHIA, February 10, 1886.

Hon. W. R. MORRISON,
Chairman Committee on Ways and Means, House of Representatives, U. S.,
Washington, D. C.:

DEAR SIR: As you are engaged in the preparation of a tariff schedule for the purpose of placing this feature of the Government revenue upon a just and proper basis, we feel that some specific information in reference to a very important item in the tariff business, namely, tin-plates, would be of importance to you, and possibly materially assist you in placing this duty where it belongs, namely, one-half cent per pound.

In truth, our own conviction, together with that of a large majority of the community, is that this, being a raw material, really should be admitted free of duty, more particularly as one of the ingredients entering into this material would have to be entirely imported. The present tariff places a percentage of duty on the cheapest grades, and which is the largest consumed, of $33\frac{1}{3}$ per cent., which is an onerous bur-

den on almost innumerable industries where the consumption of this material enters into.

That you may have some faint idea of the proportion or quantity of tin-plates used in the canning interest, it may be proper to refer to some of the statistics hurriedly compiled from a few of the industries representing this consumption. The salmon interest shows that in 1866 the number of cases packed were 4,000 and 2 vessels engaged, while in 1884 the number of cases were 672,350 and the number of vessels 1,712, thus showing what a wonderful industry it is growing to be and the amount of material consumed in its packing. Of the dairy interest there were *exported* from May 1 to November 1, 1884, 103,804,000 pounds of cheese, to say nothing of butter. Of canned goods, such as tomatoes, there were packed in 1884 over 4,000,000 cases, while canned fruits and other vegetables, from January 1 to September 1, 1885, covering a period of only eight months, were exported to the value of \$1,650,000. The exports of petroleum last year amounted to \$25,542,890, and we presume you are aware that this is packed in tin cans. Of lard there were exported to the value of \$14,600,000.

These are some few of the items, and will serve to give you some idea of the extensive use of tin-plates for exported goods, to say nothing of the enormous home consumption of plates used in all kinds of industries in this country. These various industrial departments represent a very large laboring field, and the present tariff on tin-plates compels all these laboring people, whom we are all anxious to protect, to pay excessive prices for every vessel or article manufactured from tin-plates which they are obliged to use in consequence of the present high rate of duty.

We think this deserves your special consideration, and we would consider any bill incomplete in which you fail to make this important correction, for it would be a direct dereliction to your constituents.

We remain, respectfully, yours,

GUMMEY, SPERING, INGRAM & CO.

[Office of J. H. Ackerman & Co., importers and dealers in metals.]

NEW YORK, *February 16, 1886.*

Hon. WILLIAM R. MORRISON:

DEAR SIR: We notice by your tariff bill you put lead ores and drosses on free list, and leave pig-lead same—2 cents per pound.

We agree with you on the lead ores, which nearly all contain silver. The present duty prevents them coming to this country to be worked. But why leave pig-lead at 2 cents per pound, which is mostly consumed in the manufacture of lead pipe and sheet lead used in the construction of buildings, and enters largely in the cost of construction, increases cost of buildings, and rents.

Besides, such high duty on pig-lead maintains high price of same, now 4.70 cents per pound here, in Europe $2\frac{3}{4}$ cents per pound, increases production of silver, and deteriorates value of silver dollar. Take the duty off of pig-lead, and price will fall to 3 cents per pound. It will reduce the production of silver fully 50 per cent., as price of pig-lead enters largely in covering cost of production of silver. This would enhance price of silver, and make the much-complained-of silver dollar, now worth about $79\frac{2}{100}$, advance to par or more for mercantile purposes.

The entire production of silver in the world is over \$100,000,000—over half in United States; over \$40,000,000 produced from lead ores in the United States.

The duty on lead ores is \$30 per ton without regard to what percentage they contain. This is prohibitory to their being worked here.

Yours, respectfully,

J. H. ACKERMAN & CO.

THE TARIFF ON LEAD.

The undersigned, manufacturers and dealers in lead and its products, earnestly urge a revision of the tariff on said articles substantially in accordance with the schedule herewith, for the following reasons, among others:

1. That the present rates are excessive, being prohibitory on many items.
2. That they are not graded according to the amount of labor, skill, and capital expended upon them.
3. That they do not realize the objects for which duties should be imposed, namely, to raise revenues to pay the public debt and expenses of the Government and “pro-

vide for the general welfare of the United States," which is best accomplished by extending to our domestic industries a proper and reasonable degree of protection from the cheaper labor of other countries, and at the same time guarding against excessive prices by allowing importations when rates are unduly advanced.

4. That they render easy combinations of speculators, who are enabled to artificially raise and depress prices within the limits of the amount of the tariff, without reference to the laws of supply and demand, to the great injury of both the producer and consumer. This has repeatedly been the case.

The duty on lead ore is greater in proportion than upon pig lead, being $1\frac{1}{2}$ cents per pound, and is prohibitory. Take, for example, an ore containing 50 per cent. of metallic lead. The duty on one ton, containing 1,000 pounds of lead, would be \$30. The duty on the same amount of lead in pig (1,000 pounds) would be \$20, which shows a loss of \$10 by importing lead in the ore, in addition to the cost of smelting and loss in the operation of treating it, which would be as much more at least.

The duty on pig lead, 2 cents per pound, is prohibitory, as practically no lead is imported, except for export purposes. In which connection we would urge that the drawback allowed on manufacturers from all foreign materials should by the whole duty paid, and not 10 per cent. less as now. This deduction has the effect of an export duty, and is a grievous restriction upon foreign trade.

It appears from the records that for many years the yearly average price of pig lead in the United States has not been the equivalent of foreign prices with the duty added. This shows that the rate of duty was excessive, and thereby gave opportunity for manipulating the market, as before referred to. It follows, therefore, that none but speculators are benefited by such a duty, neither the Government nor the people obtaining it, and consequently cannot be for the "general welfare of the United States."

While we do not claim that the carrying out of our views, as herein expressed, would be a perfect remedy for all the ills of the lead trade, we do believe that it would largely tend to put the business upon a more equitable footing, and to increase our commerce in these articles.

Looking to such a consummation, we place our views before Congress, with the hope that something in this line may be accomplished.

Tatham & Bros., lead pipe, sheet-lead, and shot, New York; Colwell Lead Company, lead pipe, sheet-lead, and shot, New York; Leroy Shot and Lead Manufacturing Company, lead pipe, sheet-lead and shot, New York; Bradley White Lead Company, white lead and lead pipe, Brooklyn, N. Y.; Atlantic White Lead and Linseed Oil Company, white lead, New York; L. Brandeis & Son, lead pipe, Brooklyn, N. Y.; Bosten Lead Manufacturing Company, lead pipe and sheet-lead, Boston; Chadwick Lead Company, lead pipe and sheet-lead, Boston; Forest River Lead Company, white lead, Boston; Maryland White Lead Company, white lead, Baltimore; Merchants' Shot Tower Company, shot, Baltimore; James Robinson & Co., lead pipe, sheet-lead, and shot, Baltimore; Tatham & Bros., lead pipe and sheet lead, Philadelphia; Thomas W. Sparks, shot, Philadelphia; Keystone Lead Works, lead pipe, Philadelphia; Wetherill & Bros., whitelead, Philadelphia; J. H. Morley & Co., white lead, Cleveland, Ohio; Bailey Farrell & Co., white lead sheet-lead, and shot, Pittsburgh, Pa.; Reymer Baumann & Co., white lead, Pittsburgh, Pa..

PROPOSED DUTIES.

	Cents per lb.
Lead, ore, dross, and ashes, free.	
Argentiferous, commonly known as base bullion, containing not less than ten ounces silver per ton	$\frac{1}{2}$
Pigs, blocks or bars	1
Old, fit only to be remanufactured	1
Pipe, sheet, and shot	$1\frac{1}{2}$
All other articles of lead in metallic form, or composed of lead as element of chief value	$1\frac{1}{2}$
Oxide, litharge	$1\frac{1}{2}$
Red minium	2
White, dry or in oil	2
All preparations and products, and all salts of lead, as acetate, chromate, enchloride, nitrate, &c., in solid form, not otherwise provided for	3
All solutions of salts of lead	25 per cent.

NOTE.—Argentiferous lead is rated lower than non-argentiferous, because of the cost of extracting the silver therefrom.

Average price of pig lead per ton of 2,240 pounds.

[Compiled by E. A. Caswell.]

Year.	New York.	London.	London (duty added.)
1875	\$133 30	\$112 00	\$156 80
1876	135 50	108 00	152 80
1877	122 10	102 00	146 80
1878	80 20	83 00	127 80
1879	93 65	74 00	118 80
1880	113 15	81 00	125 80
1881	107 50	74 00	118 80
1882	109 75	71 00	115 80
1883	96 75	64 00	108 80
1884	83 55	59 00	103 80

FLAX.

WASHINGTON, D. C., *March 5, 1886.*

Mr. PHELPS, Representative from the State of New Jersey, said :

I ask the courtesy of the committee to hear some remarks or testimony to be made, first by Mr. Murphy and afterwards by Mr. Anderson, of the State of New Jersey. They are representatives of workingmen of Paterson, engaged in the manufacture of flax and flax goods. The point which they wish to urge upon the committee is that the duty on rough flax ought to be removed, for the reason that the rough flax grown in this country cannot be turned into a dressed flax that can be used in the manufacture of linen, and because all the dressed flax which they do use must of necessity be of foreign importation. So they want the duty taken off rough flax, so that the rough flax can be brought here, and by them and American workingmen turned into dressed flax.

STATEMENTS OF MESSRS. MURPHY AND ANDERSON.

Mr. FELIX MURPHY, of Paterson, N. J., flax-dresser, said :

Mr. Chairman and Gentlemen : The importation of dressed flax now leaves 900 men around Paterson idle. Barbour Bros., of Paterson, N. J., one of the leading firms in the flax business in this country, imports 45,000 pounds of dressed flax weekly, and 10,000 pounds of rough flax. The duty on dressed flax is \$40 a ton, and the duty on rough flax \$20 a ton. We are desirous that the duty shall come off the rough flax, so as to induce the manufacturers in this country to import all rough flax and get it dressed in this country. The next leading firm in the flax business is Finlenson & Co., of Grafton, Mass. That firm imports all its dressed flax, and does not import any rough flax at all. It imports 18,000 pounds of dressed flax weekly. That would give employment to about 500 men—I mean the converting of rough flax into dressed flax. Dunbar & McMaster, of Greenwich, N. Y., import about 6,000 pounds of dressed flax weekly, and only import 1,000 pounds of rough flax. These firms, except the Barbour firm, are desirous that the duty shall come off the raw material.

[Mr. Murphy here exhibited to the committee samples of dressed flax—French, Flemish, Irish, and Dutch ; also samples of rough flax, imported, and a sample of American flax.]

Mr. BROWN. For what is the fiber of our Western flax, such as is grown in Indiana, Illinois, and Ohio, used in manufactures?

Mr. MURPHY. The Western flax does not come into the Eastern market for spinning purposes.

Mr. BROWN. But we produce large quantities of flax in the Western States. It is manufactured in mills that we run in the West and is used to make something that is employed for bagging.

Mr. MURPHY. They make with it a coarse kind of goods which they call crash, bagging, sacking, &c. ; but this dressed flax that I am speaking of goes to make linen, such as shirting, linen thread, and spool thread.

Mr. BROWN. Is any of the American flax used for making linens?

Mr. MURPHY. No, sir.

Mr. BROWN. Or for making threads?

Mr. MURPHY. It is used for making twine, not for making threads.

Mr. BROWN. And you manufacture the fine flax into what?

Mr. MURPHY. Into shoe thread, spool thread, tailor's thread, &c.

Mr. BROWN. Is any of it put into them anufactured fabrics—shirting or anything of that kind?

Mr. MURPHY. Yes, the Irish and French flax, but not the flax raised in this country.

Mr. BROWN. For what else do you use the fine flax except for threads ; what else do you manufacture it into?

Mr. MURPHY. It is manufactured into linen cloths.

Mr. BROWN. You do not make any linen from it in this country, do you?

Mr. MURPHY. No; it is simply turned into threads here.

Mr. BROWN. And the flax grown in this country is used for making twines?

Mr. MURPHY. Yes; and it is used in carpet-weaving.

Mr. BRECKINRIDGE, of Kentucky. How great is the proportion of imported flax used in manufactures in America as compared with the home-raised American flax?

Mr. MURPHY. About three-fourths of what is used here is imported.

Mr. BRECKINRIDGE, of Kentucky. I notice that under the present law the duty on flax-straw is \$5 a ton; on flax not hackled or dressed, \$20 a ton; on flax hackled, known as dressed flax, \$40 a ton; and on the tow-flax or hemp, \$10 a ton. From which of these four categories do you wish to have the duty removed?

Mr. MURPHY. From the rough flax, flax not hackled or dressed, paying \$20 a ton.

Mr. BRECKINRIDGE, of Kentucky. Is there any flax-straw imported into this country?

Mr. MURPHY. I think not.

Mr. ANDERSON, also a flax-dresser, said:

We wish to have the \$20 a ton duty removed, but we wish to have the \$10 a ton duty on the tow of flax, or hemp, retained.

Mr. BRECKINRIDGE, of Kentucky. Why do you want the \$10 a ton duty on the tow of flax, or hemp, retained?

Mr. ANDERSON. Because that is partially manufactured.

Mr. BROWN. What you want is to take off the \$20 a ton duty from the flax not hackled or dressed?

Mr. ANDERSON. Yes.

Mr. BROWN. And to keep the \$40 a ton duty on the hackled flax and the \$10 a ton duty on the tow of flax or hemp?

Mr. ANDERSON. Yes.

Mr. BROWN. I would like to know the reason for this discrimination.

Mr. BRECKINRIDGE, of Kentucky. I suppose the reason is that the flax on which the duty of \$20 a ton is placed is the flax that is put simply in a bale as it has come from the brake. That is, taken and carried to a factory, where it is hackled; and when it is dressed it is put into a bale, and is charged a duty of 40 cents a ton as dressed flax. There is a certain residuum, called tow, on which the duty is \$10 a ton. If that residuum were let in free of duty, it would be a certain profit to the flax manufacturer who had that left after he had dressed his flax.

Mr. MCKINLEY. And it would compete with our American product?

Mr. BRECKINRIDGE, of Kentucky. Yes; in other words, as I understand it, these gentlemen want that quality of flax to come in free which will help their industry, and want to shut out what would help somebody else's industry?

Mr. ANDERSON. You will observe, gentlemen, that the present rate of duty is \$40 a ton on dressed flax and \$10 a ton on tow. The dressed flax which is imported into this country cannot be raised here.

Mr. BRECKINRIDGE, of Kentucky. This quality (showing one of the samples produced) is what is imported as fine flax?

Mr. ANDERSON. Yes; and it pays a duty of \$40 a ton. That is French flax. The Irish flax is about the same.

The CHAIRMAN. You want to let in free of duty the rough flax now paying \$20 a ton, and to leave the rest of the schedule as it is?

Mr. ANDERSON. Yes; and the reason of it is that we consider that when the thing is all consumed in this country, it should be all wrought in this country. Mr. Barbour imports about 45,000 pounds of dressed flax weekly, which if imported in the rough and dressed here would give employment to many men. About six or eight months ago we had 40 or 50 men around Paterson idle for six weeks who could have been employed at this work. We consider that a hardship. What we want, and what we think would be beneficial to Mr. Barbour as well as to ourselves, is to let in free of duty the raw material which does not come in competition with American flax. Russian flax may come in competition with American flax, but this Dutch, Irish, French, and Flemish flax cannot be grown in this country and must be imported here. No flax grown in the United States or Canada can come up to the quality of this Dutch, Irish, French, or Flemish flax.

Mr. BRECKINRIDGE, of Kentucky. If you take the duty off this \$20 per ton classification you come in direct competition with the farmers who raise flax in this country and who produce that undressed flax. In other words, the duty that protects the flax-raiser of this country is the \$20 a ton duty.

Mr. ANDERSON. Yes, but this flax will come into the country whatever the duty on it may be. It does not interfere with the flax grown in this country at all. There would have to be the same quantity of it imported and used, no matter what the duty was. The American flax can be had much cheaper, and the purposes to which it is put

is twine and for carpet-warps and such things. The fine flax that is imported is too costly for such purposes.

Mr. BRECKINRIDGE, of Kentucky. What difference would there be in the price of American flax under the tariff as it now is and its price if that duty were removed?

Mr. ANDERSON. I do not think it would make any difference at all in the price of American flax.

Mr. BRECKINRIDGE, of Kentucky. Then why do you say that you could get American flax much cheaper?

Mr. ANDERSON. I did not say that.

Mr. BROWN. If I understand Mr. Anderson, what he means is this: This fine imported flax is used for a purpose for which American flax cannot be used at all; is that so?

Mr. ANDERSON. That is so.

Mr. BROWN. And, therefore, you must have the imported flax?

Mr. ANDERSON. Yes; we must have it, whether there is a duty on it or not.

Mr. BROWN. It supplies a place which cannot be supplied by American flax?

Mr. ANDERSON. That is so.

Mr. BROWN. Because it makes a finer thread than is possible to be made from the American flax?

Mr. ANDERSON. Yes.

Mr. BROWN. Is any of this imported flax used for carpet-warp, bagging, &c., the purposes for which American flax is employed?

Mr. ANDERSON. No, sir. Those are purposes for which Russian flax would be used. But our object is to get the Dutch, French, Irish, and Belgian rough flax admitted free of duty. If you were to admit the Russian flax free of duty, that might come into competition with the flax raised in this country.

Mr. McKINLEY. Would the removal of the \$20 a ton which you propose bring the Russian flax into this country?

Mr. ANDERSON. That is a point I have not thought of. (After a pause.) It certainly would do so, but a discrimination might be made in the law against it.

Mr. BRECKINRIDGE, of Kentucky. If this flax from Ireland, France, and Belgium has to be imported anyhow, no matter what duty is imposed upon it, how does the duty on this article in any shape (either in the dressed or in the unhackled state) protect the manufacturer? If he must have this flax imported, how does any rate of duty affect him?

Mr. ANDERSON. The object for which we are here is for the protection, not of the manufacturer or of the importer, but of the workingmen employed in this industry. Importers can get the rough flax wrought on the other side and brought in here much cheaper than we could probably do it for them if they imported only rough flax. But we want all the work done here, as we are citizens of the United States, and we consider ourselves entitled to the benefit of any industry that can be brought in here.

Mr. BROWN. In other words, you want the flax brought in here in the rough so that you can do the work of preparing it here to the necessary degree of fineness?

Mr. ANDERSON. Yes.

Mr. BRECKINRIDGE, of Kentucky. This flax has to be imported. We do not raise this quality of flax here, do we?

Mr. ANDERSON. We do not.

Mr. BRECKINRIDGE, of Kentucky. So that manufacturers are bound to have it at any price?

Mr. ANDERSON. Yes.

Mr. BRECKINRIDGE, of Kentucky. And the duty upon it is only added to the cost of production?

Mr. ANDERSON. Yes.

Mr. BROWN. Is the imported jute used for the same purposes for which Western flax is used in this country?

Mr. ANDERSON. No, I guess not. Jute is all used for making carpets. All flax will not do for that. Flax does for the warp portion of the carpet, but jute is used for the web and to bring out the colors in carpets.

BITUMINOUS COAL.

WASHINGTON, D. C., *March 5, 1886.*

Mr. McCOMAS, Representative from the State of Maryland, introduced Mr. Charles F. Mayer, of Baltimore, as a representative of the bituminous coal interest.

STATEMENT OF MR. CHARLES F. MAYER.

The CHAIRMAN (to Mr. Mayer). You have been before this committee on previous occasions?

Mr. MAYER. I have had the pleasure of being here before. Through the courtesy of your committee, we are here to plead earnestly against the abolition of the duty on coal. There is no period in the history of the coal trade more inopportune than the present for such action. We have for several years past gone from bad to worse. In this condition the bituminous coal trade of the eastern basin is deplorable. We have thought that by reducing to writing what we have to say we can spare your time and perhaps put more satisfactorily before you the facts. So, with your permission, I will read our statement.

Mr. Mayer then read the following statement :

BALTIMORE, *March 4, 1886.*

To the honorable the Committee of Ways and Means of the United States House of Representatives :

We beg to ask your attention to the serious consequences to the West Virginia and Pennsylvania gas-coal, and the Maryland, Pennsylvania, and Virginia steam-coal trades, if coal is placed upon the free list, as proposed in the pending tariff bill, or if the present inadequate duty of 75 cents is reduced.

Since the birth of the country as a commercial power, the importance of developing the vast deposits of steam and gas coals within the borders of the United States has been recognized by the General Government, and such legislation as would most encourage this has been adopted.

In 1824 a duty was imposed equivalent to \$1.68 per ton ; the act of 1842 placed it at \$1.75 per ton ; this rate was continued until 1846, when it was changed to an ad valorem duty of 30 per cent., which, by a falling scale provided by law, fell, in 1862, to 24 per cent. It was then, in 1862, changed to \$1 per ton ; in 1865 it was raised to \$1.10 per ton ; in 1866 it was raised to \$1.25 per ton, at which it continued until 1873, when it was fixed at the now existing duty of 75 cents per ton.

The single exception to this general policy of the Government, apart from the special exception in the act of 3d March, 1883, was made in coals from the British Provinces, which were admitted duty free by the provisions of the reciprocity treaty of 1854, and so continued until the termination of that treaty in 1866.

This exception, it is claimed, was unfairly obtained by parties interested in provincial mines ; but be that as it may, the owners of provincial mines, aided vigorously by New England parties who had become interested in that region, have persistently worked, ever since the termination of that treaty, to get coal placed upon the free list.

The special (and extraordinary) exemption to which I refer was that provision in the act of 3d March, 1883, by which " a drawback of 75 cents should be allowed on all bituminous coal imported into the United States which is afterward used for fuel on board vessels propelled by steam which are engaged in the coasting trade of the United States or in the trade with foreign countries."

This act was secured by parties in our Pacific States, who had become interested in the British American mines on that coast; and while the volume of coal that has availed of this act on the Atlantic seaboard has not been large, its effect upon the prices of American steam coals has been serious.

It was after the termination of the reciprocity treaty, when provincial coals were subjected to the same duty as all other foreign coals, that the rapid and extended development of the Great Eastern bituminous fields of our own country commenced. The extensive basins of Virginia and West Virginia have come into the market only since that period; while those of Pennsylvania and Maryland—until then developed to but a limited extent—have expanded into extensive and important industries, employing millions of capital and thousands of hardy workmen, and aiding, perhaps more than any single industry, in the rapid projection and extension of many most important lines of railway.

The last census reports show, in the above three States alone, the amount of capital to be \$57,705,000, and the number of persons to be 41,000 actually engaged directly in the mining of coal; which figures have increased largely since the census.

What the increase in bituminous coals has been is shown by the following statement: The product of American bituminous mines for consumption in the seaboard States, which amounted in 1865 to 1,989,247 tons, had increased in 1874 to 4,566,495 tons, and it is estimated (for the figures are not yet published) had increased in 1885 to 10,500,000 tons.

Extraordinary as has been this development in the production of American bituminous coals, the decrease in price to the consumer has been equally remarkable, as will be shown by the following table of prices of American steam coals: At Baltimore, 1876, \$3.87 per ton of 2,240 pounds; 1885, \$2.25 per ton of 2,240 pounds. At New York, 1876, \$5.40 per ton of 2,240 pounds; 1885, \$3.25 per ton of 2,240 pounds.

I need not remind you that this marked decrease in prices is due alone to domestic competition, and that it is to this competition the American manufacturers, railroads, and steamers owe the fact that their coals are generally supplied upon as advantageous terms as can be obtained in almost any part of the world, and in some instances at lower figures than prevail anywhere else.

In addition to the great advantages the development of our bituminous coal-fields has secured to the American manufacturer, it has performed an almost equally important part in keeping in check the prices of anthracite coal, the great domestic fuel of the Atlantic seaboard.

This anthracite coal, produced from a limited area in Eastern Pennsylvania, was, until the development of our bituminous fields, the only coal (excepting a few thousand tons of English gas coal) used for both manufacturing and domestic purposes on the Atlantic seaboard, and would of necessity have commanded far higher prices had it continued to engross the whole market; but from the time our American bituminous coals have been largely developed, these latter have become very largely the manufacturing and steam coals, confining anthracite coal mainly to domestic purposes, allowing it thereby to fill that ever-increasing demand at moderate figures.

Another marked feature in our bituminous trade has been the course of prices—a regular and gradual decline as the development increased. Even the most extended strikes among the miners of our bituminous regions have not advanced prices, so numerous are the sources of supply developed by the encouragement heretofore given by the steadfast policy of the General Government.

The foregoing shows how eminently advantageous the development of our bituminous fields has proven to the American manufacturer. The results to the producer have been far otherwise. Since 1877 the mining of both gas and steam coals in our Eastern basins for the supply of the Atlantic seaboard has been absolutely unremunerative to the operators. As a rule only a small royalty has been secured, with little, if any, other return for the large amount of capital invested, barely sufficient to induce operators to persevere, in anticipation of a better future and the hope that the injustice done them by the tariff of 1873 would be remedied. In illustration of this I beg to submit the following figures:

GAS COALS FROM WEST VIRGINIA.

	Per ton.
Railroad freight, for shipment to New York and New England.....	\$1 60
Shipping charges, insurance, and other terminals.....	26
Vessel freights to New York (unusually low)	1 15
Actual cost of putting 1 ton gas coal on cars at mine	70
Total	3 71
Actual price of this coal in New York during 1885	3 80
Profit and royalty to shipper	09

MARYLAND STEAM COALS.

Railroad freights for shipment to New York	\$1 20
Shipping charges, insurance, and other terminals.....	20
Vessel freights to New York (unusually low).....	1 05
Actual cost of putting 1 ton steam coal on cars at mine.....	70
Total	3 15
Actual price of this coal in New York during 1885.....	3 25
Profit and royalty to shipper	10

The slight differences in shipping charges and vessel freights between gas and steam coals arise from the different modes of shipment and points of delivery in New York Harbor.

The several items of cost may vary in the coals of Pennsylvania, Virginia, and West Virginia, but the results are alike unremunerative to all.

Economical and prudent management has been of necessity the rule among our operators. The wages paid to our miners have been only a fair return for their labor; and they are now making a demand for an advance of 25 per cent., which it is utterly impossible for the operators to grant even under the existing tariff. The transporter, as the foregoing figures will show, has been pressed down to, and in some cases under, the lowest remunerative point.

Notwithstanding all efforts to reduce cost, the return to the operator has not been more, and in many cases less, than he paid for the coal in the ground. Any further reduction must come from the labor, which is now as low as it should be in this country for such labor; for pray bear in mind that coal is not, as some advocates of free trade proclaim, a raw material. In all the operations of mining and transportation skilled labor is needed to produce coal as it is known in the market. The value of the "raw material"—the coal itself in the ground—is but a minute portion of the cost of coal as it is known to commerce.

During the same period (1885) provincial coals sold in our Eastern markets at about \$3 for steam coals and \$3.50 for gas coals, affording to the provincial operators a handsome return.

With this difference in price between the two coals, the market has been supplied in part from each source; but make the difference as much greater as will result from placing coal on the free list and you largely increase the consumption of provincial coals. The inevitable result of this must be a diminished output by the American producers, a consequent abandonment of work by some operators in portions of the Eastern fields, and a check to this important industry which it will require years to overcome when the ruinous result of the proposed measure, if adopted, shall have been demonstrated.

The provincial mines are located near tide, none of them more than 25 miles distant, many of them from 2 to 6 miles; in which latter case their product is brought from the pit's mouth in the mine cars and dumped directly therefrom into vessels. Their coal is produced by labor costing little more than *half* what it costs in this country, and is shipped here almost entirely in *foreign bottoms*, at much lower freights than prevail for American coals.

This applies in a great measure to the shippers of English coals, who, though more distant than the provincial mines from our markets, have the advantage of frequently being able to ship their coals to this country in *lieu of ballast* at nominal rates of freight.

The steam and gas coal mines of *this country* are located from 200 to 300 miles from tide, and our product is mined, brought out, sent to tide, and shipped coastwise at the higher *prices paid for all classes of labor in this country*.

The coal operator of our own country has been encouraged to invest his capital under the Government's long-established policy of a duty on coals. The operator of the British Provinces and his American associate have invested their capital in the face of this established policy, and have no cause of complaint if that policy is continued.

Permit me, in this connection, to call your attention to another very important interest which will be materially injured by a reduction in, or an abolition of, the duty on coal, viz, that of our coasting vessels.

Late reports show that about 500 vessels are mainly engaged in distributing coals along the Atlantic seaboard.

Seriously interfere by the proposed legislation with our production of coal for Eastern trade, and it is not unreasonable to predict that our coasting vessels would soon be in the deplorable condition of our merchant marine engaged in foreign trade.

The following table, made up from official sources, shows the imports of bituminous coal, and the revenue derived therefrom, for the years 1872 to 1885, inclusive. (For the years 1883 to 1885 we have been able to obtain only partial returns.)

Statement of the imports of coal into the United States during the fourteen fiscal years ending June 30, 1885.

Year ended June 30—	British North American Pos- sessions.		All other countries.		Total imports.		Rate of duty.	Duty col- lected.	Average duty re- duced to ad valo- rem.
	Quanti- ties.	Values.	Quanti- ties.	Values.	Quanti- ties.	Values.			
	<i>Tons.</i>		<i>Tons.</i>		<i>Tons.</i>		<i>Per ton.</i>		<i>Per cent.</i>
1872	257, 447	\$608, 623	233, 184	\$682, 583	490, 631	\$1, 291, 206	\$1 25	\$606, 329	.....
1873	261, 251	683, 292	194, 764	856, 371	456, 015	1, 539, 663	1 25 and 75	369, 989	.....
1874	312, 566	1, 077, 464	185, 462	872, 961	498, 028	1, 950, 425	75	369, 047	19
1875	181, 942	697, 673	259, 658	1, 101, 024	441, 600	1, 798, 697	75	327, 536	18. 28
1876	178, 421	719, 238	229, 432	888, 653	407, 853	1, 607, 891	75	300, 474	18. 86
1877	174, 045	693, 911	323, 225	1, 081, 756	497, 270	1, 775, 667	75	371, 862	20. 86
1878	265, 794	924, 899	312, 663	1, 011, 288	578, 457	1, 936, 187	75	429, 634	22. 26
1879	235, 920	866, 192	255, 553	858, 274	491, 473	1, 724, 466	75	364, 876	21. 26
1880	269, 058	882, 726	208, 459	710, 779	477, 517	1, 593, 505	75	353, 863	22. 28
1881	340, 062	991, 551	337, 298	1, 017, 423	677, 360	2, 008, 974	75	489, 722	24. 63
1882	295, 097	778, 217	556, 237	1, 411, 081	851, 334	2, 189, 298	75	596, 791	.....
1883					722, 695	2, 085, 972	75	.....	.....
1884					820, 266	2, 558, 164	75	.....	.....
1885					817, 918	2, 593, 679	75	.....	.....
	2, 771, 603	8, 923, 786	3, 095, 935	10, 492, 193	8, 228, 417	26, 653, 794	.....	.....	.....

The above table shows that the importation of foreign coals is increasing rapidly; that from 1873 (when the duty was reduced to 75 cents) to 1882 it has nearly doubled. It also shows that on this increased quantity in 1882 the revenue collected by the Government under the duty of 75 cents was not as much as the revenue collected in 1872 on little more than one-half the quantity when the duty was \$1.25.

We beg to remind the committee of the fact that the bituminous coals of Pennsylvania, Maryland, Virginia, and West Virginia, brought to tide, are used entirely for steam purposes and the manufacture of gas, &c.; they are not at all used for domestic purposes.

Anthracite, which is duty free, has no foreign competitor, occupies entirely the domestic fuel field, and will not in any way be affected by duty, or no duty, on bituminous coals. Nor will the tariff on bituminous coals in any way affect the price of that commodity anywhere but on the seaboard, for owing to the cost of transportation no foreign coals are used 50 miles inland from tide.

If it is contended that the period has arrived when it has become necessary to make a general reduction in our import duties, we beg leave to call attention to the fact that in 1873, when a general reduction of 10 per cent. was made, the reduction on coal was 40 per cent.; thus anticipating by 12 years, on that article, the general reduction which some now contend has become necessary.

We beg you to consider well if it is wise to disturb this important industry by the proposed legislation, to check the growth and development which each year is adding to the general prosperity, decrease the immigration of hardy miners and workmen from Great Britain and the continent, and impair the prosperity of thousands of the same now among us, do injury to our coasting trade and inland transporters when no cause for complaint or demand exists for such action on the part of the consumer, whose true interests lie in the continued development of our own coal-fields, and when the only good (if indeed it can be considered good) such action will accomplish will be to increase the profit of the investors in the mines of the British Provinces, profits already threefold larger than accrue to those who are engaged in the working of our home coal-fields.

Can Congress feel itself called upon, after the injustice done this interest by the tariff of 1873, to abolish or again make a reduction in the inadequate duty (an average of about 20 per cent.) allowed it under the present tariff? We earnestly urge your committee to relinquish all idea of doing so great an injury to so important an interest, with nothing whatever to compensate for the infliction.

Respectfully submitted.

CHAS. F. MAYER,
*President of the Consolidation Coal Company of Maryland,
and of the Despard Gas Coal Company of West Virginia.*

The CHAIRMAN. What relations do you bear to the coal business?

Mr. MAYER. I am the president of the Consolidated Coal Company, of Maryland (which is a steam-coal concern), and of the Despard Coal Company of West Virginia, which is a gas-coal concern. I have been in the business for three years.

The CHAIRMAN. Where are your headquarters?
Mr. MAYER. Baltimore.

RESOLUTIONS OF CITIZENS AND MINERS OF FROSTBURG, MD.

Mr. McCOMAS, Representative from the State of Maryland, read the following proceedings of a public meeting at Frostburg, Md., and said that he had heard of three other meetings of the same sort:

FROSTBURG, MD., *March 3, 1886.*

At a meeting held this day by the citizens and miners of Frostburg and vicinity, it was unanimously desired that—

Whereas a bill introduced in the House of Representatives, by and with the sanction of a majority of the Committee on Ways and Means, provides for placing bituminous coals on the list of undutiable imports; and

Whereas such a provision is a deadly blow to the interest which sustains directly and indirectly fully twenty thousand residents of the Georges Creek coal region of Maryland: Therefore be it

Resolved, That a committee of Messrs. George Hosken, Walter Edwards, and William Grimes be appointed by this body to attend a meeting of the Ways and Means Committee at Washington, D. C., on Friday, March 5, and formally present the objections of the people of this region, not only to the provisions referred to, but to the "Morrison tariff bill" as a whole.

Resolved, That it is also our conviction that if the "Morrison bill" becomes a law in regard to bituminous coals that we cannot compete with Nova Scotia and foreign coals in general.

W. B. BAIRD, *Chairman.*
THOMAS E. LEWIS, *Secretary.*

STATEMENT OF MR. EDWARDS.

Mr. McCOMAS then introduced Mr. EDWARDS as the chairman of a committee of workingmen.

Mr. EDWARDS said:

Gentlemen of the Committee: I do not want to make a speech before this honorable body. I would much rather be here in the interest of some other cause than in the particular interest in which we are here to-day—that is, in the interest only of our mining region. We have no other source of livelihood than our employment in coal mining. As the resolutions just presented say, there are at least 20,000 men, women, and children depending alone upon the coal interest in that region. We therefore ask of this honorable body to let the coal tariff remain as it is for the sake of the laborers at large throughout the United States.

Mr. MILLS. What do you get per ton for mining coal?

Mr. EDWARDS. Forty cents.

Mr. MILLS. What is the ton of coal worth after it is got out of the ground?

Mr. EDWARDS. I really do not know what it is worth in the market. Its price at Baltimore is \$2.25. We know what we have to pay for it at home as fuel.

Mr. BRECKINRIDGE, of Kentucky. How long does it take you to mine a ton of coal?

Mr. EDWARDS. Five tons of coal is a good day's work for each man.

Mr. BRECKINRIDGE, of Kentucky. Then you earn about \$2 a day?

Mr. EDWARDS. Yes, if we have the work to do; but for the last two years the miners of our region have not averaged more than \$30 a month, because the company has not been able to sell coal enough to give regular employment to the whole of its workingmen.

Mr. McKINLEY. What, in your judgment, will be the effect on the working people of placing coal upon the free list?

Mr. EDWARDS. The effect will be very serious. The condition of our community is a deplorable one at present. If bituminous coal is put on the free list it will make our condition much more deplorable than it is.

Mr. McKINLEY. You mean that it will cause a reduction in the wages of the miners?

Mr. EDWARDS. I should suppose so, and then we would not have so much work to do as we have at present. Even now we do not make more than half a living.

Mr. McKINLEY. Then the reduction of the duty would diminish employment and lessen wages?

Mr. EDWARDS. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. What has been the cause of the decline of the price of coal in the last few years?

Mr. EDWARDS. The cause has been the opening up of new coal mines throughout the United States.

Mr. BRECKINRIDGE, of Kentucky. Then the competition between home interests has been such as to gradually reduce the price of coal by increasing the amount of coal put upon the market?

Mr. EDWARDS. I should judge so. I believe there is more coal used in the United States to-day than there was five years ago.

Mr. BRECKINRIDGE, of Kentucky. As the supply of coal has increased, and the wages of miners diminished, there has been a constant increase in the use of coal?

Mr. EDWARDS. I judge so.

Mr. BRECKINRIDGE, of Kentucky. And there has been a constant, though gradual, decrease in the price of coal?

Mr. EDWARDS. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. And latterly there has been a decrease in the number of hours that the men have been employed?

Mr. EDWARDS. Yes. And there has been a constantly large immigration of miners into this country, settling in the coal regions, and consequently giving to the men already there less work to do.

Mr. BRECKINRIDGE, of Kentucky. You say there has been a constant immigration to this country of foreign miners?

Mr. EDWARDS. Yes.

Mr. BRECKINRIDGE, of Kentucky. And therefore an increase in the supply of labor devoted to that particular industry?

Mr. EDWARDS. Yes.

Mr. BRECKINRIDGE, of Kentucky. And you think that the immigration of foreign miners and the development of new mines have been the causes of the decrease in the price of coal and of the hours of labor that workmen are employed?

Mr. EDWARDS. I do, sir; and we are here to ask protection for home industries.

Mr. BRECKINRIDGE, of Kentucky. Is there any way by which we can diminish the immigration of foreign miners or the opening up of new mines in the home coal trade?

Mr. EDWARDS. I think the best plan to give miners more employment would be to open up more manufactures in the United States, so as to increase the consumption of coal.

Mr. BRECKINRIDGE, of Kentucky. Therefore, if the reduction of the tariff on coal would increase the manufactures of the country, that would undoubtedly cause the consumption of more coal?

Mr. EDWARDS. Yes; I think so.

The CHAIRMAN. What are you going to do with the manufactured goods when they are made? You know, probably, that other products are just like coal in the lack of demand for them, and that if we had more manufactures we would have a surplus of other goods then as well as of coal?

Mr. EDWARDS. Are there not a great many goods imported into the United States to-day that could be manufactured here?

The CHAIRMAN. Yes, there are some.

Mr. EDWARDS. And if we started up these new manufactories here would we need to import as much manufactured goods as we do?

The CHAIRMAN. Then you would put up the bars and keep foreign manufactured goods out?

Mr. EDWARDS. I would give sufficient employment to workingmen at home, and then if we must have foreign products brought into the United States, let us put down the tariff.

The CHAIRMAN. Where does your coal go to?

Mr. EDWARDS. Our coal is shipped to the eastern cities, Baltimore, Philadelphia, Boston, and New York, and from thence it is distributed, I suppose, to the inland towns.

The CHAIRMAN. All along the Atlantic coast?

Mr. EDWARDS. I should judge so.

STATEMENT OF MR. F. Z. SHELLENBURG.

Mr. F. Z. SHELLENBURG, superintendent of the Westmoreland Coal Company addressed the committee. He said:

Mr. Chairman and Gentlemen: I might say that I represent the laboring men, having charge of about a thousand of them or the employment of that many. With your permission, I will point out on the map the geographical position of the bituminous coal fields.

The CHAIRMAN. We know where they are. Some are in Pennsylvania, some are in Maryland, and some are in West Virginia.

Mr. SHELLENBURG. They lie from 250 to 350 miles from the Atlantic seaboard.

The CHAIRMAN. Yes; and this committee cannot put them any nearer.

Mr. SHELLENBURG. And the Government has spent nothing, I believe, for waterways or transportation from the mines. The Government has afforded no help in that way.

Mr. BRECKINRIDGE. What waterways have you from the coal fields?

Mr. SHELLENBURG. We are lying very close to the Ohio, but that only serves the Western trade, and our trade has been to the East. The coal fields west of us use the Ohio River.

The CHAIRMAN. Yes; and the Ohio River does not run in the right way for you.

Mr. SHELLENBURG. The Nova Scotia coals are close to tide-water, and those are the coals which come in competition with our coals, which are from 250 to 350 miles from the eastern seaboard. There are 3,000 men employed in the Pennsylvania gas-coal region, and there are many more (I do not know how many) employed in the bituminous coal fields lying to the east of us.

Mr. BROWN. Your object in referring to the waterways, I suppose, was intended simply to show that the transportation of the foreign coals can be effected more cheaply than ours?

Mr. SHELLENBURG. Yes, sir; we have to send our coal by railroad, and the Government has done nothing to aid us in getting our coals to the sea. We have behind us all the western coal fields that supply the western country, and therefore we have to look to the eastern market. We are on the eastern edge of the first gas coal that comes in going West.

STATEMENT OF MR. H. G. WILLIAMS.

Mr. H. G. WILLIAMS, of Lonaconing, Pa., next addressed the committee. He said:

Mr. Chairman and Gentlemen: Our mines are situated about the center of the Lonaconing coal-fields and our interest is mainly in the coal business. You gentlemen, I suppose, are as well acquainted with that mining country as I am, and would not be quite so timid about speaking of the matter as I am. Yet I can fully indorse Mr. Mayer's statement as to the prices of coal in New York and Baltimore. At present the miners of Allegheny County have really a hard time to make a living. Their average pay is about \$20 a month, and the off taxes—such as doctor's bills, rent, &c.—have to come out of our wages. We know very well that if the 75 cents a ton duty on coal were taken off we could not begin to obtain a living. We do not get a fair living at present; and far less could we do so if Nova Scotia coal were permitted to come in in competition with our coal.

Mr. KELLEY. You speak of off taxes. Who pays them?

Mr. WILLIAMS. The miners directly.

Mr. KELLEY. They are not withheld by the coal company?

Mr. WILLIAMS. No, sir; the miners pay them directly.

Mr. BRECKINRIDGE, of Kentucky. And they are—what, you say?

* Mr. WILLIAMS. Rent, doctor's bills, sharpening tools, &c. It costs miners about one cent a ton for sharpening tools.

WINDOW GLASS.

STATEMENT OF MR. JAMES CAMPBELL.

Mr. JAMES CAMPBELL, of Pittsburgh, opened the presentation of the case on the subject of window glass. He said:

Mr. Chairman and Gentlemen: We come here as a delegation of workingmen representing the window-glass interest from New York, New Jersey, and Pennsylvania. We come here to protest against any reduction of the present duty on glass, because if the duty be reduced, the manufacturers will diminish our wages to the same extent. There was a reduction of the tariff in 1883 in our branch of business, and manufacturers demanded that reduction from us, but we resisted the demand. The next year, however, they demanded a reduction of 20 per cent.

Mr. BRECKINRIDGE, of Kentucky. And there had been no change in the tariff intervening?

Mr. CAMPBELL. No. The manufacturers had demanded previously a reduction of from 15 to 40 per cent.

Mr. BRECKINRIDGE, of Kentucky. And what had been the diminution in the tariff?

Mr. CAMPBELL. It ran one-eighth all the way through on each bracket, and there was besides a reduction in the weight which made the tariff reduction larger. The first demand for a diminution of wages after that reduction was from 15 to 40 per cent. We resisted that demand, and we made an arrangement not admitting nearly so large a reduction as the manufacturers demanded. A year and a half afterwards the manufacturers demanded a reduction of 20 per cent., which was equal to the first demand of reduction. We resisted that until late in the fall, and we finally settled at a 10 per cent. reduction all round. Now, gentlemen, if there should be any reduction in the tariff, we will have to fight in order to hold our wages. That is all there is in it, so far as we are concerned. To-day there are standing idle in the United States about 200 pots. The importation of glass into this country, according to the statistics, is about one-third of the total consumption of glass in the country, while we have the capacity in this country to make all, or very nearly all, that is used. Of course there will be always some glass imported, but we ask that your body shall not reduce the tariff on glass. When this present schedule of tariff was made there were not such sizes of glass made in this country as are made now. The improvements and the progress in building have created demands for higher and larger grades of glass. The first schedule was made in 1842, and about the same schedule prevailed in 1861, and the same schedule prevails yet, while the sizes run all up above it. Cylinder glass or plain glass is now made of sizes as large as 50 by 71, but when the schedule was fixed such glass only ran up to 24 by 30. If the 200 pots in this country that are now idle were in operation they would give employment to 500 or 600 skilled workmen. The organization of window-glass workers has been paying out relief constantly this winter to unemployed men. The men who are working have been contributing to the support of those who have no work, and if there be a further reduction in the duty on glass they will have to contribute more.

Mr. MILLS. You get paid by the 50 feet of glass in a box, do you?

Mr. CAMPBELL. No, we get paid by the 100 feet.

Mr. MILLS. How much do you get paid by the 100 feet?

Mr. CAMPBELL. We are paid different prices. Here [handing a paper] is the list of wages by the 100 feet.

Mr. MILLS. What is 100 feet of glass worth?

Mr. CAMPBELL. I am not able to answer that question, because I am not a manufacturer. I am a workingman, and I know what the skilled labor costs. Here are papers showing the list of wages.

Mr. CAMPBELL handed to the committee statements of wages paid during four weeks in the glass business at Tacony, Pa.; Dover, Del.; Massillon, Ohio; Saw-Mill Run

Furnace, Pittsburgh; Baltimore, Md.; and New Albany, Ind. The following is a copy of one of these statements:

Statement of glass blown at Tacony, Philadelphia, during the four weeks ending January 13, 1886.

[House No. 1.]

Places.	Names.	Double strength.		Single strength.		Total.	
		Boxes.		Boxes.		Boxes.	
1	William Rigby.....	12½	\$13 31	147½	\$83 04	159¾	\$96 35
2	William Bean.....			150½	67 71	150½	67 71
3	E. Corronel.....			171¾	88 26	171¾	88 26
4	A. Fox.....			152¾	83 72	152½	83 72
5	Thomas Richardson.....	4	4 18	143	85 89	147	90 07
6	C. Brassur.....			161	93 38	161	93 38
7	John Norman.....			162¾	89 60	162¾	89 60
8	A. Smith.....			157¾	96 36	157¾	96 36
	Total.....					1,262½	705 45

THOMAS FITZPATRICK,
Preceptor.

Mr. MILLS. Are the workmen paid by time or by quantity?

Mr. CAMPBELL. By quantity; some skilled workmen make from 25 to 45 per cent. less than the figures given in those tables. They show the highest grade of labor in the business. They are the statements of four weeks' wages in various glass-blowing works.

Mr. HISCOCK. You have no idea, I suppose, what the glass is sold for?

Mr. CAMPBELL. No, sir; I might make an approximation, but that might be a good way off.

Mr. BRECKINRIDGE, of Arkansas. You say that the present condition of workingmen in your industry is bad, and that there are a good many men out of employment?

Mr. CAMPBELL. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. This condition has been brought about under a policy of high protection. You have not had free trade in the glass business. Does not that fact make you suspicious that a very high system of protection might be the occasion of these troubles in your business?

Mr. CAMPBELL. We know this fact, that when the tariff is reduced we have to suffer a reduction in our wages; and we know that every time that we meet employers to settle rates of wages, the first thing they say is that if the tariff is reduced our wages must be reduced. We have certain scales of prices that are set by the year, and we meet the manufacturers for the purpose of setting those prices; and we know that if the present tariff duty on glass be reduced, we shall have to suffer our proportionate share of the reduction, or more.

Mr. BRECKINRIDGE, of Arkansas. If the manufacturers can make you accept the reduction, it serves their purpose admirably.

Mr. CAMPBELL. The fact remains the same, that we have to accept the reduction.

Mr. BRECKINRIDGE, of Arkansas. Do the manufacturers not reduce wages except when there is a reduction of the tariff?

Mr. CAMPBELL. No, sir; they have not done so within the last seven years. In fact, our wages have remained very good and have been advancing, but as soon as the tariff was reduced the manufacturers reduced our wages.

The CHAIRMAN. What is the present tariff on window glass?

Mr. CAMPBELL. On the first bracket 1½ cents, on the next bracket 2 cents, on the next 2½ cents, and on the next 3 cents; and it has been reduced one-eighth clean down. Then the reduction in weight makes a still larger reduction in the tariff.

The CHAIRMAN. Are the wages paid in the different classes of the glass industry about the same?

Mr. CAMPBELL. No, sir; they are not. Workingmen are paid according to skill.

The CHAIRMAN. But do you realize about the same wages for the same degree of skill, whether you are employed in the window-glass business or the plate-glass business?

Mr. CAMPBELL. We know nothing about the plate-glass business. We only make window glass.

The CHAIRMAN. Do you not know that the duties on some qualities of glass were increased when they reduced yours one-eighth; do you not know that some duties were doubled?

Mr. CAMPBELL. I do not know that.

The CHAIRMAN. You do not know that the duty on bottles was doubled?

Mr. CAMPBELL. No, sir.

The CHAIRMAN. And you do not know that the wages of workingmen in the bottle business were not raised?

Mr. CAMPBELL. I know that they did not fall.

The CHAIRMAN. But they did fall.

Mr. CAMPBELL. But I say they did not fall.

The CHAIRMAN. You do not know and I do.

Mr. CAMPBELL. I know where they make bottles and I know that the bottle makers would accept no reduction of wages. The manufacturers demanded a reduction, but they got none.

The CHAIRMAN. They did accept a reduction in my part of the country or quit work.

Mr. CAMPBELL. I do not know that, but I know that they did not in my part of the country.

Mr. BRECKINRIDGE, of Arkansas. What ground did the bottle manufacturers assume as a reason for making a reduction of wages?

Mr. CAMPBELL. I do not know. I only speak for the window-glass interest.

The CHAIRMAN. I live quite close to a large glass establishment where many glass-workers vote against men of my views, and soon after election, although there had been an increase of duty on bottles, manufacturers insisted on a reduction of wages. The men would not accept; the manufacturers shut down and bought or imported bottles to fill orders, and wages were lower after than before the increased bottle duty.

Mr. CAMPBELL. The reason of that is that a lot of bottles come into this country from abroad which pay no duties. They come in filled with mineral water and stuff of that kind, and being filled they come in free of duty or nearly so. The bottle blowers did not accept any reduction of duty in my part of the country. There was one firm there which imported a lot of Hungarians or Germans who took the place of the men resisting the reduction of wages, but the American workmen did not consent to any reduction.

The CHAIRMAN. But they did not get any increase of wages with the increase of duties?

Mr. KELLEY. But the wages were not reduced.

The CHAIRMAN. That was because the workmen went out of doors and would not work. (To Mr. Campbell). Do you know that the duty on a great many articles in the glass trade was increased at the time that the duty on window glass was reduced?

Mr. CAMPBELL. I do not know anything about that except from hearsay, and then only in reference to the reduction of wages in the bottle business; I do know that the men did not accept any reduction.

The CHAIRMAN. But you also know that they did not receive any increase of wages?

Mr. CAMPBELL. I am not prepared to say that, but I know that they did not accept any reduction.

The CHAIRMAN. How is it that you know that they did not accept any reduction and that you do not know whether they received any increase?

Mr. CAMPBELL. I will explain that to you. I heard an officer of the Bottle-Blowers' Union say that they did not accept any reduction in wages. The Bottle-Blowers' Union makes out a list of wages, but does not make it public. They try to keep their business to themselves. I have heard them say that they did not accept any reduction, but I did not hear them say whether they had received any increase.

Mr. MCKINLEY. Is there any difference in the price of labor in this country and on the other side in the glass business?

Mr. CAMPBELL. According to reported statistics, the difference is from two to three hundred per cent. in favor of the wages on this side. The window-glass manufacturers, as a rule, pay their common labor good wages. There are very few men working around glass-works (I mean common ordinary laborers) who do not get as high as from \$1.50 to \$2.50 a day.

Mr. BRECKINRIDGE, of Kentucky. You have said that your wages for about seven years have been pretty fair, and that you suffered no reduction of wages. Were they increased about seven years ago?

Mr. CAMPBELL. Yes; about seven years ago they were increased.

Mr. BRECKINRIDGE, of Kentucky. And they had been unchanged for what period of time before that seven years ago?

Mr. CAMPBELL. There had been no change for several years.

Mr. BRECKINRIDGE, of Kentucky. How are your wages now compared with what they were in 1873?

Mr. CAMPBELL. We worked then on a different basis from that on which we work

now. There was a change in the tariff in 1872, and there was afterwards a change made in the scale of wages.

Mr. BRECKINRIDGE, of Kentucky. The wages which you received in 1872 continued the same up to about what year?

Mr. CAMPBELL. No; they did not continue the same. There was quite a panic in 1873, and everything fell down.

Mr. BRECKINRIDGE, of Kentucky. How much did your wages fall during that panic?

Mr. CAMPBELL. About 33 per cent.

Mr. BRECKINRIDGE, of Kentucky. And they continued at that reduction about how long?

Mr. CAMPBELL. I suppose that reduction continued for probably three or four or five years.

Mr. BRECKINRIDGE, of Kentucky. Then it continued up to about 1876 or 1878?

Mr. CAMPBELL. About that time.

Mr. BRECKINRIDGE, of Kentucky. What were your wages from 1876 or 1878 up to 1880?

Mr. CAMPBELL. In 1876 there was a change made, and we worked under a different scale.

Mr. BRECKINRIDGE, of Kentucky. Under whatever scale you worked what were the wages; how much did you get?

Mr. CAMPBELL. I am not just prepared to say.

Mr. BRECKINRIDGE, of Kentucky. About how much?

Mr. CAMPBELL. I suppose I would make on an average \$75 or \$80 a month.

Mr. BRECKINRIDGE, of Kentucky. And a man of more skill would make how much?

Mr. CAMPBELL. A man of more skill would probably earn a little more.

Mr. BRECKINRIDGE, of Kentucky. But the general run of men in the window-glass business got from \$75 to \$80 a month?

Mr. CAMPBELL. I suppose they did.

Mr. BRECKINRIDGE, of Kentucky. How was it in 1880?

Mr. CAMPBELL. In 1880 wages were running a little higher. After we got an advance of wages the wages of a man in the blowers' list would run probably 10 per cent. higher than that. In 1881 we got another advance.

Mr. BRECKINRIDGE, of Kentucky. How much was that?

Mr. CAMPBELL. Ten per cent.

Mr. BRECKINRIDGE, of Kentucky. Then that was an advance of a little over 20 per cent. beyond what you had received in 1876 or 1878?

Mr. CAMPBELL. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. When came the reduction?

Mr. CAMPBELL. The heavy demand for reduction was two years ago last fall.

Mr. BRECKINRIDGE, of Kentucky. How much were your wages reduced then?

Mr. CAMPBELL. They were reduced on some sizes.

Mr. BRECKINRIDGE, of Kentucky. What was the average reduction?

Mr. CAMPBELL. The average reduction was about 6 per cent.

Mr. BRECKINRIDGE, of Kentucky. Then there came another reduction?

Mr. CAMPBELL. Yes, another reduction of 10 per cent. all around.

Mr. BRECKINRIDGE, of Kentucky. Then that made a reduction of 16 per cent. below the wages received in 1880?

Mr. CAMPBELL. Yes.

Mr. BRECKINRIDGE, of Kentucky. So that you are receiving about 4 per cent. more wages now than you received in 1880?

Mr. CAMPBELL. Oh, no.

Mr. BRECKINRIDGE, of Kentucky. You said that you got \$70 per month; that then there was an advance about 1880 of 10 per cent., and then another advance in 1881 of 10 per cent., and then a reduction of 6 per cent., and then a reduction of 10 per cent.

Mr. CAMPBELL. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. And that is the way that your wages stand now?

Mr. CAMPBELL. There is one thing that I wish to explain. The American manufacturers, in the price lists that they send out, state that they will give so many lights for 50 feet to their customers in order to meet the French glass. In some sizes we have to do one-half more work to-day than we did in 1876 in order to meet foreign competition. They send in three lights for a box, and it runs all the way through for about 40 or 50 sizes, for we have to add two lights per box in order to get the trade of this country; and we do that work for nothing in addition to this reduction of wages.

Mr. REED. So that you are doing one-half more work?

Mr. CAMPBELL. In some sizes.

Mr. REED. And that is a material reduction from your apparent wages at present?

Mr. CAMPBELL. Certainly it is.

Mr. BRECKINRIDGE, of Kentucky. What is the proportion of the increased work in these boxes to your entire work?

Mr. CAMPBELL. The skilled part of it is in the neighborhood of forty or fifty different sizes, to which we have to add two more sizes per hundred feet in order to meet foreign competition; the American manufacturer, in filling orders for glass 40 by 52 feet, used to put in three lights; but a Western customer, in sending on a large order, would say that he could get foreign glass with eight lights in the box of glass, and that if the American manufacturer would take the order at the same price and furnish the same number of lights as the foreign manufacturer did, they would give the order, otherwise, not; so the American manufacturer was forced, in order to hold his orders, to put this increased work upon his workmen, and we have to submit to it; we cannot do otherwise.

The CHAIRMAN. How do you come to the conclusion that the tariff of 1883 reduced the duty on window glass?

Mr. CAMPBELL. Your records show it.

The CHAIRMAN (to Mr. Kelley). Is that a fact?

Mr. CAMPBELL. As I understand it, the tariff was reduced one-eighth of a cent on the first bracket.

Mr. BRECKINRIDGE, of Kentucky. The books seem to show that the duties on window glass under the former tariff and under the present tariff are the same.

Mr. CAMPBELL. Then the books are mistaken.

The CHAIRMAN. I do not recollect exactly how the fact was, but my general recollection is that the duty on window glass was not changed.

Mr. KELLEY. I think that the duty on common window glass was reduced one-eighth.

Mr. BRECKINRIDGE, of Kentucky (examining the tariff schedules). These two schedules of duties are exactly the same in regard to window glass.

(After a further examination of the schedules, it was admitted that Mr. Campbell was right as to the reduction in the last tariff.)

Mr. KELLEY. In your business what are the working months of the year?

Mr. CAMPBELL. We commence work sometimes (not very often) on the 1st of September, and we end generally from the 1st of May to the 1st of July.

Mr. KELLEY. Depending largely upon the temperature of the weather, I suppose?

Mr. CAMPBELL. Yes, sir; a fair day's work for a window-glass blower would be probably eight boxes, but the window-glass blower who makes four and a half boxes or five boxes or six boxes on a warm day in the month of July does a good day's work. I have gone to work on a warm day and in ten minutes have had the sweat running out of my shoes.

Mr. KELLEY. Then your working year is practically a year of seven or eight months in your branch of the trade?

Mr. CAMPBELL. Yes, sir; that is correct.

Mr. KELLEY. Therefore, it is very important, if you are going to support families and to have children at school, that you should have pretty good wages when you do work?

Mr. CAMPBELL. Yes, sir; we think so.

Mr. HEWITT. Where do you live?

Mr. CAMPBELL. In Pittsburgh.

Mr. HEWITT. Have you a store system of payment in your country?

Mr. CAMPBELL. No, sir; the window-glass manufacturers pay their men money, and pay them weekly and monthly. We have no difficulty at all in that respect with our employers.

Mr. HEWITT. How is it in that respect in New Jersey?

Mr. CAMPBELL. I understand that they pay their men money wages regularly.

Mr. HEWITT. How long has it been since they came from the storage system of payment to the money system of payment in New Jersey?

Mr. CAMPBELL. Five or six or seven years. Glass manufacturers in New Jersey always paid their men in money.

Mr. HEWITT. But when was it made illegal for them to pay wages in store tickets?

Mr. CAMPBELL. I am not able to answer. I believe that such a law has been passed in New Jersey and a similar law exists in Pennsylvania, but somehow or other the coal operators in Pennsylvania evade the law. The window-glass manufacturers have always, in my knowledge, been good pay, and as a rule they have treated their men fairly, and I have worked at the business since I was a lad. The window-glass industry is established in Illinois, Michigan, Wisconsin, Indiana, Ohio, Virginia, Pennsylvania, New Jersey, and New York.

Mr. BRECKINRIDGE, of Kentucky. Is there any difference in the cost of living in those different places?

Mr. CAMPBELL. I suppose the cost of living varies, but I cannot tell exactly the difference. In some places probably rents are cheaper and other things are cheaper. Such things vary all over the country.

STATEMENT OF A. M. HAMMETT.

Mr. A. M. HAMMETT, of Pittsburgh, glassmaker, next addressed the committee. He said :

I suppose that the one thing necessary for me to do is probably to enlarge upon a point made by Mr. Campbell in relation to the putting in of the third light. We work on the square foot, putting in 144 feet to the box—100 feet of square glass, making 14,400 inches. In these large sizes, when they fall short of making, in the 50 feet, 7,200 square inches, the practice has been to put in half a light. In the case of these large sizes, they nearly all run over the half. The American manufacturers, for sizes of 38 by 66, put in two lights for 50 feet, or four lights for 100 feet; but, in selling glass during the last year, it was found that in the French glass there were six lights put in for 100 feet, making from 100 to 125 feet in a box, or probably more. There is no tariff put on this extra light. The customers then said to the American glass manufacturers, "We cannot sell your glass in competition with foreign glass, and we desire of you to put in your box the same number of feet as is put in the French glass boxes." This made a reduction of 50 per cent. in these sizes in the cutting and blowing. That was one of the compromises that we made in our last strike with the manufacturers. The manufacturers, of course, make less money than they did, as they put in more glass.

Mr. MILLS. What is the cost of the production of 100 feet of glass at the factory.

Mr. HAMMETT. I do not know that I can exactly give you the cost, because that is one of the disputed points in the trade. Hardly two manufacturers agree about it. Their card price runs from \$8 to something over \$100.

Mr. MILLS. For common window glass?

Mr. HAMMETT. For common window glass. Then there is a discount of 75 per cent. plus 10, or 80 per cent. plus 10 in large orders.

Mr. MILLS. Do you mean to say for 100 feet of glass?

Mr. HAMMETT. No; I mean 50 feet.

Mr. MILLS. And the difference is between \$8 and \$100?

Mr. HAMMETT. Yes, sir.

Mr. MILLS. For 10 by 12 common window glass?

Mr. HAMMETT. We call it all common window glass up to 50 by 80. It is called cylinder glass. This window glass is all made in round cylinders.

Mr. MILLS. Tell me the price of a box of window glass 10 by 12 or 14 by 16.

Mr. HAMMETT. The price of first quality glass is from \$8 running down to \$7.50.

Mr. MILLS. I find the prices to be, first quality, \$8.50; second, \$8; third, \$7.50, and fourth, \$7.

Mr. HAMMETT. With a discount off?

Mr. MILLS. I believe the discount is 75 and 10.

Mr. HAMMETT. Seventy-five per cent. off that, and then 10 per cent., which brings the price down to about \$2 a foot. I do not know why they keep up these high prices and large discounts.

Mr. HEWITT. These were general prices years and years ago; and, by the progress of inventions, the cost has been reduced, but the old prices apparently have been retained.

Mr. REED. The cost has been reduced by competition resulting from the tariff.

Mr. HEWITT. The same thing has also taken place where there has been no tariff—that is, on the other side.

Mr. REED. But the other side is affected by our tariff.

Mr. HEWITT. They established card prices originally and reduced the prices long before they had competition on this side. These card prices are more than 100 years old.

The CHAIRMAN. Let me see if I understand this. (To Mr. Hammett.) When this tariff on window glass was reduced the wages of workmen were reduced?

Mr. HAMMETT. Yes; that generally follows.

The CHAIRMAN. And when the importer evaded the law and put in 50 feet more of glass in his box, then the workmen had to make that up by putting more glass in the box?

Mr. HAMMETT. I do not say that the importer did this to evade the law. That may be the commercial box of glass as known in Europe.

The CHAIRMAN. Well, it was done?

Mr. HAMMETT. Yes.

The CHAIRMAN. They got 50 feet more in the box of glass than was contemplated in the law?

Mr. HAMMETT. Yes.

The CHAIRMAN. And the American workman in glass had to do more work in order to make that up?

Mr. HAMMETT. Yes.

The CHAIRMAN. On those qualities of glass on which the duty was increased, the wages of the workmen were not increased?

Mr. HAMMETT. That would go back so far that I would probably not be able to answer.

The CHAIRMAN. It goes back only to 1883.

Mr. HAMMETT. When the tariff was reduced in 1883 (if that was the time), the wages of labor had to follow the reduction.

The CHAIRMAN. But on those qualities of glass on which the tariff was increased the wages of labor did not have to follow the increase?

Mr. HAMMETT. No, sir; not in our business, because the duty was not increased.

Mr. REED. When the tariff was reduced on your work, you lost some in wages?

Mr. HAMMETT. Yes.

Mr. REED. And that was at a time when there was a general depression coming on over all kinds of business?

Mr. HAMMETT. Yes.

Mr. REED. When the tariff was raised on other qualities of glass, although it was a time of general depression coming on all kinds of business, the working men in those kinds of glass did not suffer any reduction of wages?

Mr. HAMMETT. No, sir.

Mr. REED. Their wages remained the same?

Mr. HAMMETT. Yes, sir.

Mr. REED. So that the result of the tariff on a declining market was to lower your wages where the tariff was reduced, and to keep up your wages where the tariff was raised?

Mr. HAMMETT. Yes.

Mr. REED. So that the effect of the tariff in both cases was uniform; that is, it had an unfavorable effect where the duties were lowered, and a favorable effect where the duties were increased?

Mr. HAMMETT. Yes. When the business revived, even after the tariff had been reduced, the manufacturers advanced our wages 10 per cent. with no change in the tariff.

The CHAIRMAN. This other gentleman (Mr. Campbell) says that when this increase of duty was put on bottles the manufacturers demanded a decrease in wages, and that the decrease did not take place because the workmen refused to accept it and would not work at the lower rate.

Mr. HAMMETT. He probably may understand so. The facts were these: Before the tariff was advanced there was a depression in business, and the men were out on strike, and no bottles were being made. But after the advance of the tariff there was no increase in the business, and there was no demand for bottles.

The CHAIRMAN. The other gentleman (Mr. Campbell) stated, if I understood him, that when the tariff was reduced on some articles of glass the result was that the wages came down.

Mr. CAMPBELL. Mr. Chairman, you will excuse me, but I said nothing of the kind. You asked me about that, and I said I knew nothing about the bottle business.

The CHAIRMAN. I am talking about window-glass.

Mr. CAMPBELL. I thought it was about bottles.

The CHAIRMAN. I stated that it was a fact that in some portions of the country a decrease of wages was demanded by the manufacturer as well on articles where the tariff was increased as on those where the tariff was reduced, and I understood you to say that that was not true in Pittsburgh; that the reduction was demanded by the manufacturers, but that the men refused to accept it.

Mr. CAMPBELL. Yes; I said that in relation to the bottle business.

The CHAIRMAN (to Mr. Hammett). Is that your understanding of the fact?

Mr. HAMMETT. My understanding is that when the tariff was increased on bottles, the men in the bottle business were on strike and were not making bottles, and to-day not one-fourth of the Pittsburgh bottle manufacturers are making a bottle; they have gone out of the business.

The CHAIRMAN. State whether the glass manufacturers of those other articles on which the duty was raised did demand a decrease of wages and did not get it because the men refused to accept it.

Mr. HAMMETT. They were already doing that before there was any change in the tariff.

The CHAIRMAN. And they continued after it?

Mr. HAMMETT. Yes, sir.

The CHAIRMAN. Did it result in the workmen being a long time out of employment?

Mr. HAMMETT. Yes.

The CHAIRMAN. How long were they out of employment?

Mr. HAMMETT. Some of them are out of employment still. The manufacturers claimed that there was no profit in the business.

The CHAIRMAN. You came here as workmen to tell us the truth, and I believe you are trying to do it.

Mr. HAMMETT. That is right.

The CHAIRMAN. The manufacturers will come here in their own interests and make their arguments.

Mr HAMMETT. I believe they will. I do not represent them. Looking from a workman's stand-point, we undertake to find out all the causes of the difficulty, if we can, and we are intelligent enough, in a certain sense, to know those causes. The question may be asked why manufacturers do not make bottles even with this increase of duty? The answer is that there is a vast amount of bottles coming into the United States filled with Apollinaris water and other mineral and medicinal waters, and the bottles are untaxed.

The CHAIRMAN. They are taxed low.

Mr. HAMMETT. They are taxed very low. But these bottles are afterwards used for beer purposes, and that, of course, diminishes the bottle-manufacturing business in this country. Old bottles can be bought cheaper than new ones.

Mr. REED. So that the effect of the tariff on bottles was what?

Mr. HAMMETT. Not to increase the demand for bottles made here.

Mr. HISCOCK. In other words, on account of the importations of bottles containing mineral water, the increase of the tariff on bottles did not have the effect of increasing the trade of bottle making in this country?

Mr. HAMMETT. That is the fact; but now the old bottles are being used up and the trade is improving.

Mr. HISCOCK. Can you state, in connection with this reduction or increase of wages during this whole period of time, whether there has been a decline in the price of of glass all along the line.

Mr. HAMMETT. There has been a wonderful decline in the price of glass.

Mr. HISCOCK. Then, so far as the glass manufacturer is concerned, whether he has reduced or increased your wages, he has not increased his prices; but on the contrary there has been a very large decline in some lines and a decline to some extent in all lines of the business so far as prices are concerned?

Mr. HAMMETT. Yes.

Mr. BRECKINRIDGE, of Kentucky. Have you any statistics to show the number of bottles brought into this country compared with the number of bottles used in the country?

Mr. HAMMETT. Not being so very much interested in the bottle trade I, of course, cannot answer that question. We are a little selfish in our business, like most human beings, and we know much more about window-glass than we do about bottles.

Mr. BRECKINRIDGE, of Kentucky. Then you cannot tell the proportion of old bottles used over again to the whole consumption of bottles in this country?

Mr. HAMMETT. No, sir.

Mr. BRECKINRIDGE, of Kentucky. Do you know what was the cause of the strike on the part of the bottle makers which was in progress when the tariff of 1883 was passed?

Mr. HAMMETT. The men were opposing a reduction of wages.

Mr. BRECKINRIDGE, of Kentucky. On what ground were the manufacturers insisting upon a reduction of wages?

Mr. HAMMETT. On the ground that bottles could be imported into the city of New York cheaper than they could make them.

Mr. HISCOCK. And when the tariff was increased on both the law was practically evaded by the continued importation of bottles filled with mineral water and admitted at a very low rate of duty, so that the bottle manufacturers could not put their men to work at those prices?

Mr. HAMMETT. That was it.

Mr. BRECKINRIDGE, of Kentucky. Have you any idea as to the proportion which these bottles introduced with mineral water bear to the entire number of bottles used in this country?

Mr. HAMMETT. No, sir.

Mr. BRECKINRIDGE, of Kentucky. This reduction of tariff, as I understand, was only on a particular form of window-glass, and on certain forms of plate-glass, while on others the duty was not touched?

Mr. HAMMETT. Yes.

Mr. BRECKINRIDGE, of Kentucky. Were the wages of the men who made the other glass (not touched by the tariff) lowered, maintained, or raised?

Mr. HAMMETT. I am not able to answer, because in our part of the country there is only one firm in which plate window-glass is made. There are about three or four plate-glass manufacturers in the United States.

Mr. BRECKINRIDGE, of Kentucky. Can you tell me whether the cost of living in Pittsburgh is as high now as it was when the increase of wages, which Mr. Campbell spoke of—first 10 per cent. and then 10 per cent.—took place?

Mr. HAMMETT. If I can speak from my own experience, there is a gradual increase all the time in the cost of living. Rents are increasing.

Mr. BRECKINRIDGE, of Kentucky. And breadstuffs are higher?

Mr. HAMMETT. No, they are not higher, but they are relatively high.

Mr. BRECKINRIDGE, of Kentucky. How about clothing?

Mr. HAMMETT. Clothing is about the same.

Mr. CAMPBELL. I desire to correct one statement. When the chairman asked me in reference to the bottle business, I said I knew nothing about it; that all that I knew was that, when the demand for a reduction of wages was made, the men did not accept the reduction. I said that, and I want it so understood. I also want it understood in connection with the lists of wages which I have handed in, that there are three grades of skilled labor in the glass business below the grades shown on these lists, where the wages range from 20 to 45 per cent. below those presented here. I do not want it understood that the lists which I have handed in represent the wages of all the skilled workmen in the glass business. There are four branches in the business, and the blowers are paid the highest rates. The others will average from 25 to 45 per cent. less than those.

STATEMENT OF W. L. SNYDER.

Mr. W. L. SNYDER, of New York, glass-worker, addressed the committee. He said:

Mr. Chairman and Gentlemen: We make this petition in behalf of the window-glass industry. We are wage-workers. We make it on the basis of the greatest good to the greatest number of people in our own country—of good to those who consume the glass which we produce, as well as to those who earn a livelihood by making it.

I want to call the attention of the committee to the tariff as it was originally drafted, and to the position in which the manufacturers of glass were at that time, in order to show that it bears unequally. In other words, the protection afforded is unequal between the lowest and the highest grades. The tariff schedule runs up to the size of 24 by 36 at certain figures, and all the glass above the largest size mentioned in the tariff is admitted at the same rate of duty, while the price of the glass per box is increased, because the larger sizes require a better quality of glass, and are more difficult to produce, both in point of workmanship, and in melting, all the way through. In listening to the questions of the chairman, it occurred to me to say that the wages of workmen on the other side are often reduced so as to conform to the conditions of our tariff. Now, we contend that, with our system of education, and with our manner of living (which is not aristocratic, nor do we wish to have it so, nor do we wish to be protected as a monopoly), we ought to have better wages. On the other side, old men who are disqualified from performing physical labor, and women and children, are doing a part of the labor which is done here in the glass business by able-bodied men who have families to support. The diet, modes of dress, education, and habits of life of the working people on the other side are very different from ours. The effect of a reduction of the tariff will necessarily fall upon our wages, and the result will be to reduce us to the level of the system on the other side. As Mr. Hiscock has said, whether the tariff has been maintained, or increased, or lowered, the prices of glass have been gradually reduced to the consumer, and the quality improved. We claim that the quality of the glass which we produce is quite as good as, if not superior to, the foreign goods in all respects. And we petition this committee to maintain the present tariff, or, if it makes any change at all, to continue the rates of duty above the 24x30 size, so as to make the protection equal between the lowest and the highest brackets.

STATEMENT OF MR. HIRES.

Mr. HIRES, Representative from the State of New Jersey, said:

Mr. Chairman and Gentlemen: While I am not a workingman, still my interests are in common with those people; and there is one fact in connection with this matter which I think the committee should bear in mind. The lists of wages in the glass business that have been presented to you show that the men earn so many dollars a month, and the natural supposition would be that that amount multiplied by twelve would show their earnings for a year. But that is not the case. The amount should be multiplied not by twelve, but by nine, because nine months in the year is all that any worker in glass business can be employed.

Mr. BRECKINRIDGE, of Arkansas. Are you engaged in the glass-manufacturing business?

• Mr. HIRES. I have been for several years.

Mr. BRECKINRIDGE, of Arkansas. I see that we export a considerable amount of glass to foreign countries?

Mr. HIRES. Yes.

Mr. BRECKINRIDGE, of Arkansas. What kinds of glass do we export to foreign countries?

Mr. HIRES. Occasionally a small lot of window glass is sent to South America.

Mr. BRECKINRIDGE, of Arkansas. Have you ever filled any foreign orders for glass?

Mr. HIRES. In my business experience of twenty years I have shipped probably fifty boxes of window glass to South America.

Mr. BRECKINRIDGE, of Arkansas. When did you make that shipment?

Mr. HIRES. About five years ago.

Mr. BRECKINRIDGE, of Arkansas. What is the difference between the prices of glass then and now in this country?

Mr. HIRES. That I am not prepared to say.

Mr. BRECKINRIDGE, of Arkansas. Has there been any material decline in prices?

Mr. HIRES. There has been some decline, but I cannot say just what.

Mr. BRECKINRIDGE, of Arkansas. What duty was window-glass subject to when you filled that order?

Mr. HIRES. I cannot say.

Mr. BRECKINRIDGE, of Arkansas. Can you get those facts and furnish them to the committee?

Mr. HIRES. I suppose I can.

Mr. BRECKINRIDGE, of Arkansas. I would be very glad if you would do so.

Mr. HIRES. I shall be happy to do so.

Mr. BRECKINRIDGE, of Arkansas. Do you recollect whether that transaction with South America was profitable to you?

Mr. HIRES. It did not prove to be profitable.

Mr. BRECKINRIDGE, of Arkansas. I would be glad to know what loss you incurred by it.

Mr. HIRES. I cannot say that there was any particular loss; but I found that we could not ship glass to South America at a profit.

Mr. BRECKINRIDGE, of Arkansas. But you are not certain that any loss was involved in that transaction.

Mr. HIRES. No, sir; not that I have any recollection of.

Mr. BRECKINRIDGE, of Arkansas. Are you engaged exclusively in the window-glass business?

Mr. HIRES. Not exclusively.

Mr. BRECKINRIDGE, of Arkansas. You have been engaged in the glass business 20 years, and have not yet reached that point where you consider yourself able to contribute to the exports of the United States.

Mr. HIRES. That is so.

R I C E.

WASHINGTON, D. C., *March 8, 1886.*

STATEMENT OF MR. W. L. TRENHOLM.

Mr. W. L. TRENHOLM, of South Carolina, addressed the committee. He said:

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I have been requested by a number of planters and others interested in the rice industry in the two Carolinas and in Georgia to appear before this committee, and to say that at this season of the year it is very difficult, indeed, for those who are engaged in the preparation of rice lands for the ensuing crop to leave their plantations, and for that reason committees have not appeared here as they have done heretofore on similar occasions. It is hoped that the committee will not attribute this to any lack of interest in, or want of proper appreciation of, the dangers to that industry which these gentlemen apprehend from the proposed change in the tariff.

I have been requested to present the matter over again very much in the same way as it has been presented before—not only to this committee, but principally to the Tariff Commission, which in 1882 made the circuit of the country and took a great deal of testimony on this as well as on other subjects.

The most prominent point, perhaps, for the attention of the committee in connection with this matter—the importation of foreign rice—is that that importation ought properly to be considered under two distinct heads. One is the importation of foreign rice into the Pacific ports of the country, and the other its importation into the Atlantic and Gulf States. The necessity, or rather the propriety, of dividing the consideration of the question arises from the fact that the Rocky Mountains interpose a barrier to transportation so serious, and the cost of transportation is so great, that practically there is very little movement of rice across the Rocky Mountains. The importation to the Pacific coast suffices only for the consumption of that region. The importation and the domestic production of rice in the Atlantic and Gulf States suffice for the consumption on this side of the Rocky Mountains. So far as the importations into California are concerned, they affect very lightly, and only by a sort of commercial induction, the prices of rice on this side. The importations into California seem to be the result altogether of the Asiatic population there. The Chinese who have come into those regions, having been accustomed to live on this cheap and concentrated food, have produced a demand for it there, and their food has followed them from Asia. In this way they are enabled, in our own country, and under the conditions which surround them here, to maintain that cheapness of labor which is exciting such serious apprehension on the other side of the Rocky Mountains. Of course, if an Asiatic can live in this country upon the food which he is accustomed to live on in his own country, and if that food is not appreciably increased in cost to him, he is enabled to work at much cheaper rates than our own laborers, who are confined by custom to the consumption only of the food products of the country: and every pound of rice consumed by the Chinese in the Pacific States constitutes that much taken from the possible consumption of the food products of this country by that population.

The duty collected on imported rice in San Francisco is a tax paid almost exclusively by the Chinese, and is probably the only tax contribution which they make to the support of this Government which has given them refuge. Therefore, if it were only a question of taxing the imports of rice into the Pacific States, there seems to be abundant reason, from public policy and financially, to maintain the duty on rice in those States at as high a point as can be efficiently (without reducing importations materially) kept up on the ground of revenue alone.

But when we come to this side of the Rocky Mountains a very different condition of things prevails. Here rice is an interest which has existed since the beginning of the eighteenth century. It was planted first of all in South Carolina by the English as a matter of public policy. It was encouraged by legislation. It was made a special subject of exemption from the commercial regulations of Great Britain by which that Government prohibited the products of its colonies being exported into any other country than their own during colonial days. The exportation of rice from South Carolina was permitted into the southern ports of Europe because the consumption there was greater, and because that outlet was necessary to foster this infant enterprise.

Rice is so concentrated, the essential elements of human nutrition are so fully contained in it, that it has always been considered a matter of very great importance to maintain the culture of rice in countries that have naval and military forces; and that was one of the chief reasons which appear in the old colonial papers why the introduction of that particular industry into the southern colonies received this great attention on the part of the British Government. The natural adaptation of the Carolinas and Georgia for the production of rice (climate and soil) were so favorable that up to 1860 the production of rice in this section alone far exceeded its consumption in this country, and a large part of the crop was exported. The American consumption of rice at that time was very much limited by the want of transportation. Up to that time almost the only communication between Atlantic seaports and the West was through that natural depression of the continent which enabled New York to control for a long time the commerce between the East and the West. The center of population was on the line of the Ohio River, moving westward slowly; and that was also the center of the rice consumption of those days. The rice of Georgia and South Carolina had at that time to be shipped by sea to Baltimore (from which it found its way by the Baltimore and Ohio Railroad) and to New York, from where it found its way westward by means of the Erie Canal and railroad transportation.

The Tariff Commission Report contains testimony by representatives of the grocers and transportation companies at Pittsburgh, Cincinnati, and Saint Louis, showing both the former and present importance of southern rice to the intersectional trade between the West and the South. The shipments southward from the Ohio largely exceed in weight and bulk the return movement, and rice is a most important element in this return movement. The distribution of food products south of the Ohio appears from this testimony to be influenced by the volume of the return shipments of rice.

Up to 1860 there was very little competition to be feared from Asiatic rice, because the voyage from the East Indies to this country was so long, and because rice suffers so much from transportation in long voyages, that it would have been impossible to have introduced into this country any very great quantities of East Indian rice. But since the Suez Canal has been opened, and since steam-vessels have been employed in long voyages in consequence of reducing the consumption of coal, very great quantities of East Indian rice have been imported into Europe, where large establishments exist for the cleaning of it. To handle such immense quantities they have machinery, which is kept in operation all the year round, and the prices of cleaning rice have been very much reduced. Now, clean rice may be transported for any distance, and kept for a long time. Therefore the only problem to be solved was the transportation of rice in its natural state, paddy. The reason why paddy is not readily transported is because the husk is very rough, and constant attrition in long voyages produces a heat which causes the rice to spoil. But when rice is clean the grain itself is so smooth and polished that it is easily transported.

Now these changes—the construction of the Suez Canal and the employment of steam-vessels in long voyages, bringing into Europe such large quantities of East Indian rice—and the activity of the trade between this country and Europe, where the bulk of our exports go—such as cotton, grain, and petroleum—with the difficulty of finding equivalent cargoes to come westward, have reduced the rates of freight to this country on heavy articles, with the result that practically the rice of the East Indies can be now carried from India to England or Germany and cleaned there and then shipped to this country at probably one-half or one-third of what it would have cost to have done the same thing in 1860, or at any time prior to 1860. So that it is only since that time that East Indian rice has become really a formidable competitor with domestic rice.

The cultivation of rice is much more like a manufacturing process than any other agricultural production except, perhaps, that of sugar. It was estimated that even with the facilities for this kind of thing afforded by slave labor before 1860 the average cost of reclaiming swamp land (bringing it into rice cultivation), clearing it, ditching it, leveling it, and putting in flood-gates was from \$75 an acre to \$200 an acre, according to location. But, of course, as the most favorable locations were selected, the average cost of the 200,000 acres that were in cultivation in the three States of South Carolina, North

Carolina, and Georgia up to 1860 was estimated at \$100 an acre. There were no well-established rice plantations that could be bought at that time at less than from \$150 to \$200 an acre, and I have known cases where as much as \$400 an acre has been paid for particularly well-situated and well-settled rice plantations.

Up to that time the production of rice in Louisiana amounted to less than 1 per cent. of the whole domestic product. For the last five or six years preceding 1860 the production of rice in the three States named ran up to from 150,000,000 to 175,000,000 pounds. In 1859 it reached its maximum, getting up to about 200,000,000 pounds. But simply from the fact that during the war these lands were not cultivated and were not kept up, and the canals and ditches not kept in order, the rice plantations in Georgia and the Carolinas relapsed into a condition preventing their cultivation without fresh reclamation; and although the price of rice in New York in 1865 was 14½ cents per pound, yet the product which could be squeezed out of these lands amounted to only 7,000,000 pounds. Even the stimulus of that high price was not sufficient to cause a greater production than that. From that point the production rose very gradually, showing that the utmost was got out of the land that could possibly under the surrounding conditions be got out of it, and that the cause of the reduced production was the loss of producing power resulting from those four years of disuse of that property.

If this business were to cease altogether, if we were to lose the cultivation of rice in this country, we could not re-establish it. And the importance of preserving the source of production of this article is evidenced by the fact that from that very cessation of the domestic supply the price of rice in New York in 1865 did go up to 14½ cents a pound, showing that the sources of supply at that time outside of this country were not so accessible to us as to bring in a quantity sufficient to keep the price down.

That was no doubt due in a large measure to the cost of transportation at that time; but certainly if we should be engaged in a war with a naval power (and rice has been always considered an article contraband of war in consequence of its value in the commissariat department of the army and navy everywhere) I have no doubt that our supplies would be entirely cut off. We are now getting to be quite a rice-consuming people. The importance of providing a source of supply of this particular food is very much increased by the general commercial condition of the country. The facilities of commerce, the rapidity of communication, the cheapness and abundance of transportation are tending every year more and more to bring all the countries of the world into one single field of industrial competition, and the cost of labor is a very important element controlling the success of each country in that competition. Now there are five hundred millions of people in the East whose daily food is rice. They are a laboring people. Their labor is being brought in competition with the labor of the people of all civilized countries, and the only advantage which civilization gives to its labor is the effectiveness which that labor derives from machinery and from all the appliances of civilization. But there is no doubt that, since the competition has arisen, the price of labor in the East has been steadily rising. In India, China, Japan, and wherever commerce comes with its general leveling effect, the price of labor is rising; and therefore the time will come when those countries will get the facilities which render labor effective, as they have done already to a large extent in Japan and are doing in China, and as they have done in India through British enterprise. And in order to keep our people on the level with them we should be able to give our people access to as cheap food as those Eastern people have.

Now the consumption of rice, as I have stated, is likely to increase very largely because it is neutral in taste, it is very nutritious, it is very cheap, and, being neutral in taste and an absorbent of all flavors, it can be made adapted to all tastes. And in proportion as rice comes to be consumed as an article of food in this country, just in that proportion will our people be improved in their competition in this general conflict of production throughout the world.

But if we lose (by the want of protection at this time) the knowledge and appliances for the production of this important article, we cannot recover it under a long term of years. That region of country where the rice is produced has not been found applicable to any other purpose whatever. If this industry should be broken up there the population would drift away. In Louisiana now they are producing about one-half of the rice crop of the United States, and although the total production of the United States has gone up to what it was in 1860 (or very nearly), still not more than half the quantity is now produced in the States of South Carolina, North Carolina, and Georgia which those States produced up to 1860, and that loss of production is due still to the effect of the war, the disuse of the land, and the difficulty of competing with foreign importation.

When the duty on rice was fixed at 2½ cents a pound by the classification of the tariff, it was fixed upon clean rice; and clean rice was at that time the chief form in which rice

was imported. In 1883, when the present tariff went into effect, the duty was reduced to $2\frac{1}{4}$ cents a pound on cleaned rice and $1\frac{1}{2}$ cents a pound on uncleaned rice, with a lower rate still upon rice flour and rice meal, which was fixed at 20 per cent. ad valorem. Very shortly after that was done (and in fact before the new tariff went into effect, but in anticipation of it), Judge Folger, then Secretary of the Treasury, made a ruling by which he assimilated to rice flour and rice meal finely broken rice under the name of granulated rice. In consequence of that ruling, the importation of that class of rice which passes in the custom-house under the name of rice flour, rice meal, and broken or granulated rice has risen in the following proportions: In 1877 the quantity of rice flour and granulated rice (mainly rice flour) imported was 400,000 pounds; in 1878, 880,000 pounds; in 1879, 1,000,000 pounds; in 1880, 2,750,000 pounds, and in 1881, 2,650,000 pounds.

Now, when this new order of Judge Folger's went into operation, the effect was immediately visible. For the year ending June 30, 1882, the importation of broken rice and rice flour (mainly broken rice) was 11,500,000 pounds; in 1883, 23,000,000 pounds; in 1884, 25,500,000 pounds; and in 1885, very nearly 38,000,000 pounds.

Mr. BRECKINRIDGE, of Arkansas. A little over 38,000,000 pounds.

Mr. TRENHOLM. That takes in the whole of the United States, but I was only speaking of the importations on the Atlantic seaboard. The importation of broken rice and rice flour into the Atlantic ports for the fiscal year ending June 30, 1885, was 37,590,577 pounds, according to the statement which I have just received from the Bureau of Statistics.

Now, the effect of the importation of this rice (and I will show the committee in a moment by some samples what this rice is) on prices is very remarkable. In 1877 the price of broken rice was $4\frac{1}{4}$ cents a pound, and the price of fair rice (an average quality of clean rice), was $5\frac{1}{2}$ cents a pound. In 1885 (after a long gradation in which the price ran from $4\frac{1}{4}$ to $2\frac{1}{2}$ cents a pound), the price of broken rice was brought down to 2 cents a pound, and the price of fair rice to 4 cents a pound; and the reason why is very evident. It is impossible in the preparation of rice (the grain is so brittle), to produce what is known as clean rice without at the same time producing a very large quantity of broken rice. In the ordinary process of milling the broken grains are separated from the whole grains by screening; and this has been sold for many years under various appellations in the different markets of this country. It has been called middling rice and small rice in the Atlantic ports, and has been called No. 2 and No. 3 in the classifications pertaining to the Gulf ports and some Western markets; but it is all broken rice. It is not subjected to any different process from that used for the preparation of the clean rice. It is only one of the products in the process of cleaning rice. Everybody who is familiar with manufacturing knows that the marketing of the subsidiary products (of the bi-products) in manufactures is a very important element in the process of manufacturing, and that the lack of an outlet for these products very seriously impairs the general result of the enterprise.

As I said, rice is much more like manufacturing than any other agricultural product is, because not only must you make an outlay of \$100 or more an acre in order to produce rice at all, but you must have a good deal of machinery on the plantation to do the thrashing (which is difficult); and then it is to be transported at a large expense to the mills, where it has to go through a process of pounding, milling and polishing before the rice goes to market at all. If this broken rice, which is one of the products, becomes reduced by half its value, you can see at once that the whole profit of the enterprise must necessarily be very seriously affected.

But there is another matter. All rice that comes into the market (except certain selected grades called Head rice, which is worth here in Washington about 10 cents a pound) in the ordinary-table form, contains a large percentage of broken grains mixed in with full grains. When cooked the grains expand so much and run so together that the broken grains are not noticed; and there is generally consumed in that way from 25 to 30 per cent. of those broken grains.

A person who wants to import foreign rice into this country and to put it in the form in which rice usually goes into the trade has only to screen the rice brought into two kinds—the grains which are whole and the grains which are broken. The whole grains he will import, paying a duty of $2\frac{1}{4}$ cents a pound, but the broken grains he may import under the Treasury ruling at 20 per cent. ad valorem, which is equal to about $\frac{1}{2}$ cent a pound. If these are brought together again in this country and are brought again into the condition in which they go out ordinarily into trade, that man has got in his rice very much below $2\frac{1}{4}$ cents a pound duty, and has got it in a form in which it competes directly with the domestic product. There is the secret of the great increase in the importation of this particular grade of rice, and also of the maintenance of importation of the whole grades of foreign rice, notwithstanding the general increase in the production of domestic rice; and that accounts in a great measure for the decline in price that has taken place.

Mr. MCKINLEY. Has there been any decrease in the importation of cleaned rice in the years since the new rule was made?

Mr. TRENHOLM. No, sir. I will give those figures exactly. I have divided the imports of rice into two sections, the Atlantic and Pacific, and shall give a general result of the figures. The domestic crop of 1877 amounted to 77,730,000 pounds, and ran up until 1880, when it amounted to 122,000,000. Then it declined in 1882 to 101,000,000 pounds. In 1883 it was 107,000,000 pounds; in 1884, 114,000,000, and in 1885, 180,000,000 pounds. Now, the imports of foreign rice into the Atlantic and Gulf ports during that period (excluding the rice meal, rice flour, and broken rice, all brought in at 20 per cent. ad valorem duty) have run in this way: In 1877, 8,000,000 pounds, with only 400,000 pounds of the subsidiary product (coming in at 20 per cent.); in 1878, 13,000,000 pounds; in 1879, 7,000,000 pounds; in 1880, 12,000,000 pounds; in 1881, 16,000,000 pounds; in 1882, 16,000,000; in 1883, 19,000,000 pounds; in 1884, 18,000,000 pounds, and in 1885, 25,000,000 pounds—showing that between 1882 and 1885 the increase has been from 16,000,000 to 25,000,000 pounds—that is, since the new ruling of the Treasury Department went into effect. In those years the importation of the 20 per cent. grades of rice was as follows: In 1881, 2,650,000 pounds; in 1882, 11,500,000 pounds; in 1883, 23,000,000 pounds; in 1884, 25,500,000 pounds, and in 1885, 37,595,000 pounds.

This was under the scaling down of the duty by the making of the two grades of rice which was made possible under the classification of the present tariff and the ruling of the Treasury Department. The combined imports of foreign rice into the Atlantic ports, which in 1881 only amounted to 8,500,000 pounds and had never previously been over 14,000,000 pounds, became 28,000,000 in 1882, 42,000,000 in 1883, 43,000,000 in 1884, and 63,000,000 in 1885.

Mr. BRECKINRIDGE, of Arkansas. Your statement is of rice of all grades?

Mr. TRENHOLM. Yes, rice of all grades imported east of the Rocky Mountains. Now, west of the Rocky Mountains, the imports have run in this way: In 1877, there was imported about 40,000,000 pounds of rice of the dutiable kind, and 2,630,000 pounds from the Hawaiian Islands free of duty. This importation of rice on the Pacific coast ran up to its maximum in 1884, when the reduction of from $2\frac{1}{2}$ cents a pound to $2\frac{1}{4}$ cents in the duty went into effect. The imports into California went up from 46,000,000 pounds in 1883 to 54,000,000 pounds in 1884, and fell off again to 44,000,000 pounds in 1885; while Hawaiian importations increased from 2,630,000 pounds in 1877, to 5,000,000 pounds in 1878; five million and a half pounds in 1879; 5,000,000 pounds in 1880; nearly 7,000,000 pounds in 1881; 10,000,000 in 1882; 10,000,000 in 1883, and 12,000,000 in 1884; falling off again in 1885 to 8,000,000.

Mr. MCKINLEY. That Hawaiian rice was not dutiable?

Mr. TRENHOLM. None of it was dutiable. I am inclined to think that the reduction in the importation of rice in 1885 on the Pacific coast was due perhaps to the effect on the Chinese population there of the popular dissatisfaction with their presence, scattering them about so that the old channels of supply of that population were not sufficient to reach them, and possibly there was much less consumption of rice by the Chinese population of California in 1884 and 1885.

I have separated the territory and have contrasted those figures to show that there is no general cause to account for the great increase in the importation of foreign rice which has taken place on the Atlantic side of the country, because those causes would have existed also on the Pacific side of the country, and they do not appear to have existed there because the average has risen very steadily. Taking Hawaiian and the eastern rice together, the importation on the Pacific coast was 42,000,000 pounds in 1877; 48,000,000 in 1879; 43,000,000 in 1881; 57,000,000 in 1882; 56,000,000 in 1883; 67,000,000 in 1884, and 52,000,000 in 1885.

So that the importation into the Pacific ports was quite uniform, not having varied more than the variation in the Chinese consumption of rice. But on the Atlantic side, we find that the total importation of rice has run up from 8,000,000 pounds in 1877 to 63,000,000 pounds in 1885.

Mr. HISCOCK. That 63,000,000 pounds covers rice and rice products?

Mr. TRENHOLM. Yes; it covers all kinds, and in consequence of its covering a very large portion of the 20 per cent. grades, rice has been brought in really very much below what the probable intention of the tariff was, and that reduction of duty has stimulated its importation.

There can be no doubt I think that if this goes on the production of rice in this country will come to an end. Already in the places of its original introduction here—the two Carolinas and Georgia—not more than half of the land is now in cultivation which could be rehabilitated and put into cultivation if it were profitable to cultivate it. Every year there are rice plantations (known to me personally) being thrown out. I can recall within the last ten years a great deal of land in those States being thrown out of

cultivation, and I know a great deal of land that cannot be cultivated much longer under this condition of things.

Therefore, if it be regarded as a matter of importance to foster the seeds of this industry in this country, it seems to me that at least the present rate of duty on rice will have to be maintained; and I should think that some provision ought to be made against the introduction of any rice at such a duty as is not intended by the law to be applied to it. Because if the intention of the law is that this rice shall come in at a lower duty it seems to me that it would be better to state it so in the tariff and not to leave it under the elastic rulings of the Treasury Department, which are always unstable or have been heretofore unstable and difficult of interpretation, and which sets the ingenuity of importers and others to work to do the best they can for themselves under these interpretations.

If the committee will allow me, I would like to show these samples of rice that I have here.

Mr. BROWNE. What is the aggregate of the importation of rice of all kinds into this country?

Mr. TRENHOLM. In 1885 the aggregate importation of rice into the ports east of the Rocky Mountains was 63,497,412 pounds, and into the ports west of the Rocky Mountains 52,714,886 pounds, or an aggregate of over 116,000,000.

Mr. BROWNE. What is our domestic production of rice?

Mr. TRENHOLM. The average for the last three years has been about one hundred and fifty millions. The production for this year is estimated at one hundred and eighty million pounds.

Mr. BROWNE. From what countries is rice imported here?

Mr. TRENHOLM. We import from England and Germany all the rice that is imported into the Atlantic States. The rice imported into the Pacific ports comes directly from the sources of production, that is, from the East Indies and Hawaiian Islands. But all the rice that is imported into the Atlantic ports comes in clean. I am under the impression that the rice imported into the Atlantic ports in the form of paddy is inappreciable. It amounts to nothing, in fact. The arrangement of the duty is such as to give an advantage of \$5 profit on 100 tons for the cleaning of that rice in Europe. Before you (Mr. Browne) came into the room, I was explaining to the committee that the opening of the Suez Canal and the cheapening of steam transportation caused the rice trade to take that course.

Mr. BROWNE. In what particular localities do we produce rice in this country?

Mr. TRENHOLM. Mainly in the States of North Carolina, South Carolina, Georgia, and Louisiana. There is some small production of it in Texas, Florida, and Arkansas.

Mr. MCKINLEY. Assuming that 2½ cents per pound is a fair duty on the cleaned rice, what do you think would be a fair duty on granulated and broken rice?

Mr. TRENHOLM. I think that all rice in grains should pay the same duty. The only ground which I have heard stated why rice should be brought in in these small broken grains at a lower rate of duty is for the convenience of the brewers. But the brewers are obliged to grind it and reduce it to flour before it is used. I was talking lately with one of the largest brewers in this country, who has introduced rice into the brewing business, and I asked him why he did not bring in rice in the form of flour. He said that it was necessary to bring it in in the form of grain in order that he might know that it was not adulterated. He said that they adulterated their products so much abroad that if rice were brought in in the shape of flour it might be mixed in with all sorts of things, and the adulteration could not be found out until it got into the mash-tub, so that a great deal of beer would be spoiled. I said to him that I thought it would be much cheaper for him to have a person abroad to inspect the grading of his rice than for the Government to give up the duty on such a large quantity of rice simply in order to have it brought in in the form by which so much of it as he desired to use might be inspected by him, and the rest of it go into consumption, and reduce the duty on full dutiable rice. I am quite sure that all the rice brought into the country this year in the form of broken rice has not gone into brewing.

Mr. HISCOCK. What proportion of the rice and its products brought into this country is used for food?

Mr. TRENHOLM. I am not able to say.

Mr. HISCOCK. Can you approximate it?

Mr. TRENHOLM. I cannot. I tried to find out how much was used for brewing purposes, and was unable to obtain the information. I was very anxious to find it out. I take it for granted that a very large quantity of what comes in is used for food.

Mr. HISCOCK. Where it is brought in and used for food, what grain that we produce does it most nearly compete with?

Mr. TRENHOLM. It most nearly competes with potatoes. It comes nearer in its use

to the use of potatoes than it does to any grain. It does not compete with any of our grains. What is used for brewing purposes competes, of course, with barley. It is a substitute for barley, and therefore all the rice that comes in and is used for brewing purposes competes with barley—our native production. As an article of food, it has a distinct sphere of its own.

Mr. HISCOCK. It does not compete with wheat?

Mr. TRENHOLM. Not in the least. It does not compete with wheat, nor, as far as I know, with any other grain used as food. The great consumption of rice in this country is really as a luxury, not as an article of food. It is made into rice pudding, rice cakes, and all that sort of things. The whole quantity of rice imported is hardly enough to give a meal a day to everybody in this country.

Mr. MILLS. Are you familiar with what the condition of the rice business was before the war?

Mr. TRENHOLM. Somewhat.

Mr. MILLS. Was it prosperous then?

Mr. TRENHOLM. It was very prosperous; and the price hardly ever got higher than $3\frac{1}{2}$ or 4 cents a pound.

Mr. MILLS. And yet the rice planters all made money?

Mr. TRENHOLM. They all made money.

Mr. MILLS. How do you account for that?

Mr. TRENHOLM. The duty on rice before the war was largely inoperative, as hardly any foreign rice came to this country.

Mr. MILLS. How do you account for their making money then and not making it now?

Mr. TRENHOLM. It is accounted for altogether by the difference in the effectiveness of labor. The cost of producing a bushel of rice is about \$1, and a very careful estimate has been made showing that of that the cost of labor is 90 cents, so that almost the entire cost of rice is in the labor expended on it. The soil is so soft and soggy that it is impossible to use machinery or animals in the cultivation of rice to any extent. In many places, after the rice is harvested, it has to be made up in bundles and carried out of the fields on the heads of the working people.

Mr. HARRIS. Is it cultivated with hoes?

Mr. TRENHOLM. It used to be cultivated entirely with hoes, and is so still to a great extent. Now they put broad boots of leather on the feet of the mules and use cultivators more than they did before. But that is only in certain localities. When the rice begins to grow, the hoe has to be used. The cultivation of rice is very peculiar. It is done by alternations of overflowing the land with water and then drawing the water off, because the enemies of rice are to a large extent vegetable productions. The grasses and weeds which grow in the rice field are some of them water grasses and some of them dry growth grasses. When the water is drawn off the land, the dry growth grasses and weeds spring up and have to be chopped down with a hoe. Then the water is allowed to flow in, and when the land has been overflowed long enough, the water grasses and weeds spring up and they in turn have to be chopped down, because the rice needs all the sustenance it can get from the soil.

Mr. HEWITT. Have they the same difficulties of growing rice in foreign countries?

Mr. TRENHOLM. I do not know.

Mr. HEWITT. What is the freight on rice by the circuitous route you describe?

Mr. TRENHOLM. I cannot answer. Of course the freight fluctuates very much. Whenever a cheap rate offers a cargo is taken. Being an extensive crop and always ready, it goes at a minimum rate.

Mr. BRECKINRIDGE, of Arkansas. How many bushels of rice are produced to the acre?

Mr. TRENHOLM. Thirty bushels to the acre is an average production. There are favored spots that produce 60 bushels to the acre. I have known 72 bushels to the acre to be produced on a small area of three or four acres.

Mr. BRECKINRIDGE, of Arkansas. Do you know what is the proportion of upland rice produced to that of bottom or swamp rice?

Mr. TRENHOLM. I do not; but the proportion of highland rice has been increased very largely. The greater portion of the highland rice, however, is consumed upon the farms where it is produced. I do not suppose that a great deal of highland rice enters into the general trade. It does not keep so well. It is white rice and is perishable, and is generally consumed in the locality where it is raised. The effect of the cultivation of highland rice has been to substitute it for other rice in the localities where it is produced and where much rice is used for food. There the highland rice is used in preference to the swamp rice, because it is cheaper; and a similar thing is arising as to imported rice, because in the broken form now imported at 20 per cent. ad valorem duty it can be sold

on swamp-land rice plantations cheaper than the rice produced on the spot. Mr. Pinckney told me recently that he had abandoned his rice plantation. I asked him why, and he said that he had found at a country cross-roads store near his place that they were selling East India rice to his hands, and he came to the conclusion that if they could bring East India rice and sell it to the hands on his plantation, it was useless for him to keep up the competition. So he gave it up and abandoned the place. A great many places where rice was cultivated have been abandoned.

The following are the figures:

Comparative shipments from different ports to Europe for the past three years.

	1885.	1884.	1883.
	Tons.	Tons.	Tons.
Burmah.....			
Bengal.....	47,600	46,760	148,434
Madras.....		11,327	21,430
Saigon.....	25,000	103,636	2,402
Siam.....	26,500	42,426	
Java.....	14,000	5,300	3,619
Japan.....	9,600	56,246	14,650
Grand total.....	798,100	871,395	922,835

NOTE.—The exports from Burmah to other ports of the world are large, increasing total above given from 20 to 30 per cent. during decade prior to last year, but last year were nearly 50 per cent. The English annexation of Burmah will no doubt greatly stimulate import of Burmah rice into British ports.

Comparative stocks in English ports.

January 1, 1885.....	80,559
January 1, 1884.....	111,764
January 1, 1883.....	132,952

Average values of various styles of rice during the war (in currency) taken July each year.

	1861.	1862.	1863.	1864.	1865.
Carolina, per pound.....	\$0 5½	\$0 7	\$0 10		\$0 10
Patna.....		5¾	8¼	\$0 11½	
Rangoon.....		5	8½	11¼	9¼
Para (Brazil).....			8½	12½	
Gold.....			1 46	1 90	1 39

Prices in New York 1st January.

	Common to fair.	Good to prime.
1855.....	3 to 3½	4 to 4½
1856.....	4¼ 4½	5 5½
1857.....	3¼ 3½	4 4½
1858.....	2½ 2¾	3 3½
1859.....	2¾ 2¾	3¼ 3¾
1860.....	3 3¾	3¾ 4¼
1861.....	2¾ 3	3½ 3¾

Imports of foreign rice—dutiable.

Year.	Atlantic or Pacific.	Per cent.	Quantity.	Value.	Duty.
			<i>Pounds.</i>		
1877.....	Pacific.....	83	39,801,655	\$921,472	\$984,951
1877.....	Atlantic....	17	8,172,627	188,735	201,736
			47,974,282		
1878.....	Pacific.....	66 $\frac{2}{3}$	27,609,826	739,644	689,372
1878.....	Atlantic....	33 $\frac{1}{3}$	13,804,912	369,822	344,686
			41,414,738		
1879.....	Pacific.....	86	43,014,211	1,275,262	1,082,628
1879.....	Atlantic....	14	7,002,314	207,601	184,056
			50,016,525		
1880.....	Pacific.....	75	35,185,180	912,399	888,683
1880.....	Atlantic....	25	11,728,379	304,132	296,227
			46,913,559		
1881.....	Pacific.....	86	36,049,862	860,877	908,066
1881.....	Atlantic....	14	5,868,582	140,182	147,824
			41,918,444		
1882.....	Pacific.....	74	47,267,436	1,056,366	1,179,375
1882.....	Atlantic....	26	16,607,449	371,151	314,375
			63,874,885		
1883.....	Pacific.....	70	46,174,143	1,008,051	1,146,769
1883.....	Atlantic....	30	19,788,918	432,021	491,472
			65,963,061		
1884.....	Pacific.....	75	54,949,412	1,914,419	1,184,782
1884.....	Atlantic....	25	18,316,470	638,139	349,927
			73,265,882		

Imports of Hawaiian rice—free.

Year.	Quantity.	Value.
	<i>Pounds.</i>	
1877.....	2,630,314	\$117,507
1878.....	5,063,414	209,042
1879.....	5,495,676	266,781
1880.....	5,062,646	295,186
1881.....	6,986,306	389,016
1882.....	10,135,671	499,825
1883.....	10,175,578	499,825
1884.....	12,398,433	558,476
1885.....	8,291,360	404,478

Imports rice flour and granulated rice—mainly rice flour.

Years ending June 30—	Quantity.	Value in bond.	Duties, 20 per cent.
	<i>Pounds.</i>		
1877.....	*400,000	\$10,919 66	\$2,183 93
1878.....	880,000	22,178 13	4,435 62
1879.....	1,000,000	25,234 48	5,046 90
1880.....	2,750,000	68,218 44	13,643 69
1881.....	2,650,000	67,190 74	13,438 15

*Estimated.

Imports of broken rice and rice flour—mainly broken rice.

Years ending June 30—	Quantity.	Value in bond.	Duties, 20 per cent.
	<i>Pounds.</i>		
1882.	11,500,000	\$239,001 38	\$47,800 28
1883.	23,000,000	463,335 24	92,667 03
1884.	25,500,000	517,851 77	103,570 34
1885.	*37,000,000	650,000 00	130,000 00
1885—nine months	28,632,719	500,977 00	100,195 00

*Estimated.

Statement of rice crops of the United States and prices for broken and fair grades.

	Crop in United States.	Broken.	Fair.
	<i>Pounds.</i>	<i>Cents.</i>	<i>Cents.</i>
1877.	77,730,400	4 $\frac{1}{4}$	5 $\frac{1}{2}$
1878.	81,461,800	4	5 $\frac{3}{4}$
1879.	86,968,000	4 $\frac{1}{2}$	6 $\frac{1}{4}$
1880.	122,010,715	3 $\frac{1}{4}$	5 $\frac{1}{2}$
1881.	104,766,555	4	6
1882.	101,328,000	2 $\frac{1}{2}$	5
1883.	107,096,630	2 $\frac{1}{2}$	5
1884.	114,192,690	2 $\frac{1}{2}$	4 $\frac{1}{2}$
1885.	180,000,000	2	4

Estimated loss because of the foreign broken since 1882: 1883, \$506,400; 1884, \$535,483; 1885, \$570,963. It will be noted that the decline in the prices of domestic have been in about equal ratio as imports have increased.

Foreign imports, 1861-1865.

[Approximate—The large bulk was used on the Atlantic coast, as we had no Southern supply during the war, nor so many Chinese on the Pacific.]

	Pacific.	Atlantic.	Total.
1861.			148,500
1862.	13,000,000	43,000,000	56,000,000
1863.	20,000,000	40,000,000	60,000,000
1864.	20,000,000	80,000,000	100,000,000
1865.	15,000,000	29,000,000	44,000,000

Statement showing crops of domestic rice for each year ending August 30, imports of foreign rice into Atlantic and Gulf ports of the United States for each year ending June 30, and imports of foreign rice flour, rice meal, broken and granulated rice into Atlantic and Gulf ports of the United States for each year ending June 30.

Year.	Domestic crop.	Foreign rice imported.		Total imported.
		Rice, cleaned, &c.*	Rice flour, &c.†	
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
1877.	77,730,400	8,172,627	400,000	8,572,627
1878.	81,460,800	13,804,912	880,000	14,684,912
1879.	86,965,000	7,002,314	1,000,000	8,002,314
1880.	122,010,715	11,728,379	2,750,000	14,478,397
1881.	104,766,555	5,868,582	2,650,000	8,518,582
1882.	101,328,000	16,607,449	11,500,000	18,107,449
1883.	107,096,630	19,788,918	23,000,000	42,788,918
1884.	114,192,690	18,316,470	25,500,000	43,816,470
1885.	180,000,000	25,901,955	37,595,757	63,497,712

* 2 $\frac{1}{4}$ cents and 1 $\frac{1}{2}$ per cent. and 1 per cent. duty. † 20 per cent. ad valorem.

Imports into Pacific ports, all sorts.

Year.	Dutiable.	Hawaiian.	Total.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
1877.....	39,801,655	2,630,314	42,431,969
1878.....	27,609,826	5,063,414	32,673,240
1879.....	43,014,211	5,495,676	48,509,887
1880.....	35,185,180	5,062,646	40,247,826
1881.....	36,049,862	6,986,306	43,036,168
1882.....	47,267,436	10,135,671	57,403,107
1883.....	46,174,143	10,175,578	56,349,721
1884*.....	54,949,412	12,398,433	67,347,845
1885.....	44,423,526	8,291,360	52,714,886
Total.....	374,475,251	66,239,398	440,714,649

* Duty reduced.

Mr. McKINLEY. Can you state the difference between the labor cost of producing rice in the three States you have named and the labor cost of cultivating it in foreign countries?

Mr. TRENHOLM. I can state it in the form in which it is generally stated, but I know nothing at all about the accuracy of the statement. I think it very certain that the cost of producing everything in those foreign countries has been gradually rising for a number of years, and I think the time will come when the Asiatic countries will cease to compete with us on as favorable terms as they now do.

Mr. McKINLEY. But our labor costs much higher now than theirs.

Mr. TRENHOLM. Oh, a great deal more.

Mr. HISCOCK. Do you know anything about the fertility of their soil?

Mr. TRENHOLM. I do not. I think that their mode of cultivation is entirely different from ours. There it is a sort of farming operation. Here it is carried on on a large scale and with a great deal of capital invested.

Mr. HEWITT. I understand you to say that the real difficulty in the way is the changed condition of labor caused by the abolition of slavery?

Mr. TRENHOLM. That and the enhanced cost produced by the tariff upon everything used on the plantation. I myself am a free trader. I believe in free trade. But I think that so long as we do have a protective tariff, we in the South ought to have our share of the protection. The production of rice is the only enterprise in that part of the country which comes in for any benefit of protection, and I think they should have their share of it, particularly as, in my judgment, protection very greatly enhances the cost of their labor.

Mr. HISCOCK. In what articles does it enhance cost?

Mr. TRENHOLM. In agricultural implements, and in the leather which is used as boots for the mules and as harness, &c. Then, as far as labor itself is concerned, the cost of clothing enters very largely into the cost of labor there; and the general scale of labor throughout the whole country of course affects the scale of labor there.

Mr. HISCOCK. Then the protective tariff has the effect of increasing the price of labor?

Mr. TRENHOLM. Yes. I know, as a general rule, that they use the rudest and roughest tools.

Mr. HISCOCK. Containing the largest amount of raw material and the smallest amount of workmanship?

Mr. TRENHOLM. Yes. Therefore, I suppose they bear a very large part in the aggravation of prices which the tariff causes on things of that sort.

Mr. HISCOCK (to Mr. Hewitt). I believe we export hoes and shovels.

Mr. HEWITT. We do of certain kinds; not of the common and rude kinds, but of the very best kinds. We are the best makers of hoes and axes, and we export only the best sort.

Mr. TRENHOLM. Those that are used on rice plantations are the very rudest and roughest.

Mr. McKINLEY. Does the machinery on a rice plantation cost more than it did prior to 1860?

Mr. TRENHOLM. Oh, yes, a great deal more, because the machinery is of the rudest kind.

Mr. McKINLEY. Do you use the same sort of machinery as you did prior to 1860?

Mr. TRENHOLM. The same kind of machinery.

Mr. McKINLEY. Was the machinery which was used on rice plantations prior to 1860 made in this country or on the other side?

Mr. TRENHOLM. It was all made in this country. Machinery for rice plantations

has been made in this country one hundred years or more. It is all very rough, but of course it is very costly.

Mr. HEWITT. While you were making this statement (which is very intelligent and clear) I could not help being struck by the fact that you were making a plea for dear food.

Mr. TRENHOLM. It seems so; and yet, even with the duty, rice is the cheapest food that our people can consume; and the proof of that is that in the Pacific States the Chinese continue to consume it, after it has paid duty, in preference to consuming the food products of that part of the country, where food is certainly as cheap as it is in any part of the United States. The rice is still so much cheaper (with duty added) that the Chinese who do live in that State are competing very seriously with our own people, who consume only the food products of this country.

Mr. HEWITT. Still, if food were cheaper, you would consider that a national benefaction?

Mr. TRENHOLM. If you increase the consumption of rice and food among the people, I would regard it so, because that would tend to cheapen labor. But I do not believe that for years to come rice will be used as an article of food in this country. It will take a long time to educate the people up to that. They are now using it altogether for puddings and as a luxury, except in the portions of the country where it is produced, that is in the two Carolinas, and Georgia, and even there only just on the coast. One hundred miles from the coast in South Carolina you never see rice upon anybody's dinner table; they do not use it. It is just along the sea coast where it has been produced for a great many years that people consume it as an article of food; but then they use it as an accessory to other things, and that more out of habit than anything else. It would take a vast quantity of rice to supply this people as a food, but I think the time will come when we will have to fall back upon it as a food, and therefore it is important that we should preserve in this country the means of meeting that demand.

Mr. HISCOCK. Whenever we do use it as food it will come in direct competition with wheat and corn.

Mr. TRENHOLM. I suppose we will not be driven to it as a food unless we are driven to it by competition with other countries where it is a food. It is becoming an article of food in Europe. The importations of rice into Europe have been very remarkable. In 1885 the importation of rice into Europe from all countries, except Burmah, was 798,000 tons. Burmah that year and for several years before contributed about 30 per cent. to the entire importation of rice, but last year it contributed 50 per cent. Now that Great Britain has annexed Burmah, and that British capital and enterprise are going into that country, we will likely have a very large increase in the shipments of rice from Burmah, and Burmah rice is the cheapest rice that comes into the country.

Mr. HEWITT. Suppose they have cheap rice in Europe as an article of food, and that we have dear rice in this country as an article of food, how can we compete with England in the supply of manufactured goods?

Mr. TRENHOLM. I think that as soon as rice comes to be an article of food the cost of labor will go down so much in this country that we can produce goods in competition with England.

Mr. HEWITT. As we do not want to keep down the price of labor, why should we not rather discourage the use of rice? There is not a man of us here who would dare vote to put down wages.

Mr. TRENHOLM. I thought you were all anxious to improve the condition of labor by making a larger difference between the cost of the maintenance of labor and the cost of labor.

Mr. HEWITT. We cannot see it in that way. I understand you to say that the importation of rice is steadily advancing.

Mr. TRENHOLM. It seems to be advancing in Europe.

Mr. HEWITT. The average of wages has been steadily advancing also for the last fifty years.

Mr. TRENHOLM. When you take into account the average of wages you must also take into account the effectiveness of machinery. When we pay for labor we pay for two things: we pay so much for the labor of the workman and so much for the experience and knowledge that he can put into his work, so that these two things have to be considered separately.

Mr. HEWITT. But the purchasing power of what a man earns now is greater than formerly?

Mr. TRENHOLM. Undoubtedly; but that is owing to the cheapness of commodities.

Mr. HEWITT. And the cheaper a man's food is of course the better off he is.

Mr. TRENHOLM. Undoubtedly.

Mr. HEWITT. Therefore the general proposition to get cheap food in order to have high priced labor is convertible into cheaper food and higher prices of labor?

Mr. TRENHOLM. I take it for granted that laborers always get all they can for

their labor ; but the less they have to spend for food the more they will have to spend for other things and the better off their general condition.

Mr. REED. If the same system that causes food to be dearer also causes wages to be dearer in the same proportion, then no harm is done ?

Mr. TRENHOLM. Except when we come into competition with people whose wages are cheaper in their country.

Mr. REED. But if you confine your operations to the home market, then there is no harm done ?

Mr. TRENHOLM. No ; if the home markets are sufficient for the consumption of the entire product.

Mr. REED. The home market would seem to be sufficient, would it not, when we are making these large importations from abroad ?

Mr. TRENHOLM. That depends very much.

Mr. REED. Well, would it not ?

Mr. TRENHOLM. Will you please state your proposition over again ?

Mr. REED. When we are making importations, would it not seem as if our market was sufficient for our own products ?

Mr. TRENHOLM. I would take it for granted that was as to those things which we import. The demand for rice in this country is greater than our production of rice. But then we produce in this country a very large number of articles in excess of the demand for them. Now, if you raise the price of labor in this country you necessarily raise it as respects the price of those articles. Take wheat and cotton and other things which we export coming in competition with the products of cheap labor abroad ; if we raise the general price of labor in this country we raise the price of those articles.

Mr. REED. Unless we consume them here.

Mr. TRENHOLM. There is always a balance to be exported, and it is the prices which we get for that balance that determine the prices at home.

Mr. REED. But the larger the surplus the less the price ?

Mr. TRENHOLM. Not necessarily ; that depends upon the demand. The demand has other sources of supply. You must take that into consideration.

Mr. REED. Given the same demand and the same sources of supply, then, an extra surplus on our part would tend to lower the price ?

Mr. TRENHOLM. If that surplus was less in one year than in another the tendency would be to have it marketed abroad at a higher price. If it was greater in one year than in another the tendency would be, if marketed abroad, to have a less price. Therefore, as the price at home varies with the price obtained abroad, the price at home would vary with the surplus that we have to export.

Mr. HISCOCK. You are conversant, I suppose, with the rice industry in Louisiana ?

Mr. TRENHOLM. Very slightly.

Mr. HISCOCK. The product of rice has increased very largely in Louisiana within the last two or three years, has it not ?

Mr. TRENHOLM. Very largely. It has increased rapidly since 1878.

Mr. HISCOCK. I think that the production of rice this year in Louisiana has doubled over the production of last year.

Mr. TRENHOLM. I cannot say.

Mr. HISCOCK. But you understand that rice is an extremely profitable crop in Louisiana ?

Mr. TRENHOLM. Not very profitable. They tell me in Louisiana that the great increase of the rice product there is owing to the fact that sugar lands are available from losses in sugar and from the manufacture of glucose in this country. Some changes in the tariff have affected the sugar interest unfavorably, and many plantations have been changed from sugar-producing lands into rice-producing lands. They had already the land prepared there, and they have some advantages in the way of irrigation (owing to the difference of level between the Gulf of Mexico and the Mississippi) by which they can manage irrigation much cheaper than we can do so in South Carolina, where we are depending on tide water. But I think that the chief reason for the increase of rice cultivation in Louisiana is that so much land in that State has been changed from sugar culture to rice culture. Of course rice is a much more profitable grain in Louisiana than it is in South Carolina or Georgia.

Mr. HISCOCK. Is it not true of Louisiana that both the sugar crop and the rice crop have increased ?

Mr. TRENHOLM. That I do not know ; it may be so.

Mr. HISCOCK. If it should turn out to be the fact that the sugar crop has also largely increased in Louisiana within the last two or three years, would not that dispose of the argument that the cultivation of sugar had been abandoned and had given place to the cultivation of rice ? I understand from a gentleman that the rice product and the sugar product of Louisiana for the present year have more than doubled over last year.

Mr. TRENHOLM. I do not know. This may have been a good year. It is very easy to increase largely a product in a single year from certain conditions of the season.

Mr. BRECKINRIDGE, of Arkansas. You speak of cheap food being a good thing for the wage-worker, as it takes less of his wages to buy bread and leaves him more to spend for other things that he wants. I suppose there is no question that the cheaper rice is the more apt it is to enter into the consumption, and the people become habituated to its use. You foreshadow in your figures of the importation of rice into Europe (which I hope you will give us in your statement, for they are very interesting) an abundant supply of very cheap food in the way of rice for Europe and the world. Now that abundant supply of food is none of it for this country. Yet in the early part of your remarks you spoke of the necessity of maintaining the cultivation of rice in this country because of the inadequacy of foreign countries to supply it.

Mr. TRENHOLM. Only in case of emergency. I said that in case of war, rice is so important an element and we are so cut off from all sources of supply by the Atlantic and Pacific Oceans, that just in proportion as our people become dependent upon the use of rice as a food, just in that proportion will the importance of having a domestic source of supply increase necessarily. Now, I look forward confidently to the time when rice will become a much more general article of food than it is to-day; and when that time comes I think it will bring with it a condition of cheapness of labor and specialization of labor which have not come yet in those portions of the country by which we can reduce the cost of the production of rice. I think that this competition of Louisiana with the Eastern States is quite sufficient to bring the price of rice down as rapidly as it can come down without extinguishing the industry; but I think it very important to maintain the industry alive in this country until we can reach that time. I speak of this simply with a view of the preservation of a domestic source of supply. I know that the same argument is used in relation to coal and iron; but really these things are not parallel because we may leave coal and iron unmined in the earth, and they are always there until under a demand and stress of circumstances we can go to work and get the coal and iron out. But if you lose the control of the production of rice, you lose it forever, and cannot recover it any more.

Mr. REED. Is not the same thing true with reference to iron manufactures? You lose the skill, you lose the organization, you lose the trained workmen and the great plants which take five or six years to be got together; so that the same elements of nationality which you appeal to in regard to rice ought to be appealed to also in regard to iron.

Mr. TRENHOLM. I think that certain forms of industry, all those things necessary to our national improvement, should be preserved in Government workshops.

Mr. BRECKINRIDGE, of Arkansas. Your argument seems to be that protection is necessary to maintain products at lower prices, but the figures which you have cited show that the protection of rice in this country was immediately followed by a fall in the price.

Mr. TRENHOLM. Oh, yes; since we resumed production.

Mr. BRECKINRIDGE, of Arkansas. The price of rice in New York in 1865 was 14½ cents a pound, you say?

Mr. TRENHOLM. Yes; but I particularly said that I did not think that that could be attributed entirely to the resumption of production in this country. I would be glad to take advantage of that argument, but I do not think it just, because the opening of the Suez Canal, and the application of steam navigation to long voyages, produced, I think, that change in prices by enabling us to bring in foreign rice so much cheaper.

Mr. BRECKINRIDGE, of Arkansas. What was the coin price of rice in New York in 1865, reducing currency to coin?

Mr. TRENHOLM. The coin price, with gold ranging about 145, would be about 10 cents.

Mr. BRECKINRIDGE, of Arkansas. And then deducting the duty of 2½ cents a pound, that would make the price of rice about 7½ cents?

Mr. TRENHOLM. Yes.

Mr. BRECKINRIDGE, of Arkansas. But that 14½ cents a pound was the price of domestic rice?

Mr. TRENHOLM. Yes, if we could have got that rice here of that quality; but the rice which comes in is generally of an inferior quality to our own.

Mr. BRECKINRIDGE, of Arkansas. At that time rice was not brought in cheaper?

Mr. TRENHOLM. If the cost abroad was cheaper, the selling price here would be cheaper.

Mr. HEWITT. You want us to correct this granulated rice matter?

Mr. TRENHOLM. That is a matter which I would like to bring to the attention of the committee, if I have time to do it. Here (producing some samples) are samples showing what is understood as rice flour and rice meal, and showing what has been brought in under the assimilation clause at 20 per cent. ad valorem, in consequence of its supposed similitude to those articles. This (exhibiting a sample) is what is understood in the trade generally as rice flour. It is rice grain that is ground into flour. I should say

here that this is not what is called rice flour in the South; but with that tendeneey to exaetness which distinguishes the commercial element of Northern cities, a distinction has been made, and they call this (showing sample) and this (showing another sample) rice meal. We call this latter sample rice flour in the South, and the difference between the two is very essential.

Mr. BRECKINRIDGE, of Arkansas. Still they come in at the same rate of duty?

Mr. TRENHOLM. Yes; but their production is totally different.

Mr. MILLS. Are they used for the same purpose?

Mr. TRENHOLM. No, sir; not at all.

Mr. MILLS. What is rice flour used for?

Mr. TRENHOLM. It is used for brewing, and for making rice cakes and puddings; but rice meal is used as a food for cattle altogether. The rice meal is a process in the cleaning of rice. The rice grain, as it comes from the bushel, contains a yellowish, rough husk; if you break that open, you find inside a smooth grain; and between the cuticle of the grain and this covering-husk there is a fine yellow, powdery substance, which is rice meal. First of all, this husk is broken by being passed through mill-stones; then the chaff is cracked and taken off; then the rice is pounded; and you will find that this meal is very slippery and oily; it covers the grain and keeps it from being broken by the pestle; it is winnowed in fans, and goes out as rice flour; it is called here rice meal; it costs about 25 cents a bushel, and is used as food for horses and cattle. This other (exhibiting sample) is the table rice. This (showing another sample) is not considered edible. This (showing another sample) is the rice ground, and is properly rice flour. This (showing a sample of broken rice) is the first thing that came in as granulated rice.

Mr. MCKINLEY. Is this (indicating sample) the domestic rice flour?

Mr. TRENHOLM. Yes.

Mr. MCKINLEY. And this (indicating another sample) the domestic rice meal?

Mr. TRENHOLM. Yes. This (indicating another sample) is the first thing which came in as granulated rice. When it first came in it was assimilated to rice flour. This sample (showing one) is an importation of the 15th of March, 1883. This other (indicating sample) was imported June 29, 1885, and was called granulated rice. It has grown to be that (indicating sample) from this (indicating sample).

Mr. HISCOCK. This (indicating sample) is the effect of machinery—broken rice screened out?

Mr. TRENHOLM. Yes. It was on this sample (indicating) that an appeal was made to Secretary Manning to revise the ruling of Mr. Folger as Secretary of the Treasury. Mr. Folger's ruling was made on this (indicating sample), but by the interpretation given at the New York custom-house these other samples have come in under the ruling. Then we appealed, and a modification has been made in the ruling. I am not definitely informed how that modification has affected importation since that date. This (indicating sample) is the rice on which Mr. Folger's decision was made fixing it as granulated rice.

Mr. HARRIS. Do planters usually deliver rice in the rough state?

Mr. TRENHOLM. Yes.

Mr. HARRIS. So that the manufacturing process of preparing the rice for the general market is altogether different from the process on the rice plantations?

Mr. TRENHOLM. Entirely different.

Mr. HARRIS. Can you inform us as to the average cost of the production of a pound of rough rice?

Mr. TRENHOLM. Until it gets to the mills it is not estimated in pounds. It is marketed in bushels. It is estimated that the labor cost of producing a bushel of rice amounts to 90 cents. The cost of production is put down at a dollar a bushel. The average production per acre is 30 bushels, and the cost of cultivating an acre, calculating interest and other things, is put at an average of \$30. That is the actual cost. It is thought that in the cost of a dollar a bushel there is 90 cents included for labor. The yield varies according to quality, but the average is about 27 or 28 pounds of clean rice to the bushel, that is, after taking out the rice offal, which sells at about 25 or 30 cents a bushel.

Mr. HARRIS. What does the planter realize at the mill for a bushel of rice? I want to get at the profit of the planter and the cost of labor.

Mr. TRENHOLM. The planters do not sell it to the mills. It is milled on the planter's account. It then comes back, and is sold by the planter.

Mr. HARRIS. Then I will change the question. What do the mills charge for putting a bushel of rice in condition for the general market?

Mr. TRENHOLM. They charge about 10 cents a bushel toll, I think. You can reach what you want in this way: A bushel of rice will produce about 28 pounds of clean rice. A bushel costs a dollar on the plantation; it costs about 2 or 3 cents a bushel to transport it, and perhaps from 15 to 20 cents a bushel to mill it. You may call it \$1.25 a bushel. Of that 28 pounds, 22 pounds will be whole rice, about 4 or 5 pounds middling rice, and the balance will be small rice. Twenty-eight pounds of rice, at 5

cents a pound, would be \$1.40; and if the planter got \$1.40 for the whole 28 pounds, it would pay him; but he does not. He gets it only for 22 pounds, being \$1.10. Now, the 4 pounds of middling and the 2 pounds of small rice have been reduced, the first to 4 cents a pound, and the last to 2 cents a pound, by the introduction of foreign rice, and this has cut off just that much from the returns to the planter. This year the price of whole rice is from $4\frac{1}{2}$ to $4\frac{1}{2}$ cents a pound, so that this year has been a most disastrous one to the rice interest. That is the average cost of production. There are some plantations that can live through it; but every year there will be a pairing down of those plantations that can be cultivated under the most favorable circumstances. Some places are much more profitable than others, but every year plantations have gone out under the shrinkage of prices.

Mr. HEWITT. Do you think that this duty on rice ought to be uniform on all grades?

Mr. TRENHOLM. I think it ought to be uniform on all rice.

Mr. HEWITT. That would meet this difficulty?

Mr. TRENHOLM. Yes. The duty should be uniform on all rice that is graded. The duty on rice flour and rice meal, I think, is all right at 20 cents ad valorem.

Mr. HEWITT. But they classify as rice flour and rice meal something which you say should not be so classified. Suppose we make a uniform rate of duty to cover all rice flour, meal, and everything else?

Mr. HISCOCK. Rice and its products.

Mr. TRENHOLM. I think there should be one grade to cover rice in all its forms, and one grade to cover rice flour.

Mr. HEWITT. That is the way it is now.

Mr. TRENHOLM. Hardly; because the terms rice flour and rice meal have been used at a time when the intent of the law was not clear; but I think the law should say "rice in all its forms except flour and meal."

The CHAIRMAN. Then the question would be as it is now, What is flour and meal and what is rice?

Mr. TRENHOLM. You may be right about that.

Mr. HEWITT. That is why I ask the question whether we should come to one uniform rate.

Mr. MCKINLEY. Suppose we should say rice clean and broken and granulated rice at one rate?

Mr. TRENHOLM. The difficulty suggested is how you are going to control the people who will have the interpretation of the law to make.

Mr. BROWNE. What objection is there to making a uniform rate of duty covering rice and its products?

Mr. TRENHOLM. The difficulty is this, that if you did that, you would probably lower the rate of duty on all rice.

The CHAIRMAN. Including the top grade?

Mr. TRENHOLM. That would be continuing the same difficulty in another form which we are trying to escape from. You might use a screen, and say that all rice not passing through a screen of a certain size should be subject to a uniform duty.

Mr. MILLS. Why not have an ad-valorem duty on rice and all its products?

Mr. TRENHOLM. The trouble is that our cost of production is not at all affected by the cost of production of foreign rice, and the ad-valorem duty would have to be proportionate to the cost of production abroad. But the cost of production here is absolute and fixed. Below a certain price we cannot produce rice at all. It seems to me that if the law should prescribe that all rice should pay a certain duty, and that rice flour and rice meal should pay 20 per cent. ad valorem, and that nothing should be considered as rice flour or rice meal except what would pass through a certain screen (which could be specified), that would cover it.

The CHAIRMAN. Yes, that all above certain sizes should be rice, and all below those sizes and that would pass through a screen would be subject to lower duty.

Mr. TRENHOLM. That might do.

Mr. HEWITT. I wish you would look into the matter and say what size screen should be prescribed.

Mr. TRENHOLM. I shall be very glad to do that.

Mr. BRECKINRIDGE, of Arkansas. You spoke of the labor employed in the cultivation of rice being higher now than it was before the war. I believe that it is considered as a general proposition that it is cheaper to employ colored labor than it is to own it, but that does not seem to apply in the cultivation of rice.

Mr. TRENHOLM. I will tell you why. Rice is a very peculiar thing. You must maintain a sufficient amount of labor to harvest rice when it is ripe, because the period of harvesting is very short. You cannot cut your rice before it is ready to be cut. If you do, you get a stunted grain which perishes very soon. If you leave your rice uncut two or three days beyond the time when it is absolutely ripe, the rice drops out and you lose it. Therefore you must cut it at the precise moment. The harvesting of rice is the great problem and the most expensive one. An immense amount of rice is lost every year from that cause. Therefore you must maintain on a rice plantation a sufficient amount of laborers skilled in the business.

Mr. BRECKINRIDGE, of Arkansas. You think that the enhanced cost of labor in the matter of rice is a special matter?

Mr. TRENHOLM. It is entirely a special matter. I would like to go into that, because it is a very important element in the matter. When the labor was the property of the landowner he could utilize it all the year around on his plantation in the cultivation of other crops. He had a sufficient amount of labor when he got to the critical time of the harvest, and he could control it all at that time. Now the planter, in order to keep labor on the plantation all the year around, is obliged to pay wages all the year around. Unless he keeps his labor all the year around, he cannot have a supply of labor when the moment of the rice harvest arrives, and then a great deal of rice is lost. The rice harvest comes in the month of September, when the sun is hottest, and when the rice fields are in the condition to give a Caucasian a very bad case of malaria. The stench from the rice fields is almost unendurable. The rice must be harvested just at that time and must be brought out of the field.

Mr. BRECKINRIDGE, of Arkansas. Then this industry presents a peculiar difficulty. It is very disagreeable work, unpopular with the laborer, and consequently exceptionally expensive?

Mr. TRENHOLM. Yes; it is exceptionally expensive, and if the rice laborers leave the plantation no new supply of labor can be obtained. But the negroes like to stick to the labor to which they are accustomed. They have their local habits and affections and associations.

Mr. HEWITT. Is that an unhealthy occupation for negroes?

Mr. TRENHOLM. No, sir; they thrive admirably well upon it. They have large families, and increase greatly in proportion. But it is utterly destructive to the whites.

STATEMENT OF MR. DIBBLE.

Mr. DIBBLE, a Representative from South Carolina, next addressed the committee. He said:

Mr. Chairman and Gentlemen: I have, of course, nothing to add to the very complete argument on the subject of rice, which has just been made here; but I wish to present to the consideration of the committee one suggestion as to the labor employed in rice, and the same suggestion, I suppose, would apply to sugar as well as to rice. Those two specific industries (and rice particularly so) employ a certain class of labor. They employ African labor, and they furnish for that labor a special field, and a field which is certainly capable of being maintained up to its present proportions, and at much enlarged proportions if it be not interfered with by destructive action here on the products derived from that labor. It is not a local question at all, because, taking the States of North Carolina, South Carolina, and Georgia, or the seaboard sections of those States, where the population is almost entirely of African descent, and taking the State of Louisiana, or that section of the State where sugar and rice are grown, there is a very large number of negro laborers. This field of labor is restricted to the rice and sugar industries. The laborers do not come in competition with the white labor in other sections of the country, or in other sections of those States, employed in the production of other agricultural products. When once those two industries are prostrated, those sections of the country will be depopulated, and this labor will be sent out to disturb the entire labor of the country engaged in agricultural pursuits. It will have its effect not only on labor in South Carolina, North Carolina, Georgia, and Louisiana, but it will affect greatly the Northwest and other sections where the grains of the country are produced, because these colored people would be bound to go into the production of cereals. The cotton field is occupied, and there is no other field for this labor. The laborers on the rice and sugar plantations have not the skill or the education for the work of artisans, and therefore the question is presented in a broader sense than simply as a question of locality. It is a question which belongs to the country at large. I simply throw out this suggestion for the consideration of the committee (knowing that its time is fully occupied). On the rice question I have nothing to add to the very able and complete statement made by Mr. Trenholm.

Mr. BROWNE. Are sugar and rice lands adapted to the growth of any of the cereals?

Mr. DIBBLE. The rice land is not.

Mr. BROWNE. Then if you cease the cultivation of rice on those fields, the land is not adapted to the production of other agricultural crops?

Mr. DIBBLE. It is my opinion that they are available for no other agricultural industry. I do not represent the rice section of South Carolina. It is represented by my colleague, Mr. Smalls. But I realize the fact that the destruction of the rice industry would be disastrous to that entire section, and to its population, which is very largely of the African race.

Mr. BROWNE. What do you say in regard to the same question as to the sugar-cane lands?

Mr. DIBBLE. We have none there. I am not sufficiently acquainted with sugar

culture to give any opinion on the subject. Of course we raise sugar in South Carolina, but it is simply for local consumption. The people in some parts of the State make sugar and molasses for their own consumption, but not for market; and we raise the upland rice for our own consumption. But as to the section where rice is cultivated for market, I think that the conditions which I have stated apply to the labor of that section.

STATEMENT OF MR. GAY.

Mr. GAY, representative from the State of Louisiana, next addressed the committee. He said:

Mr. Chairman and Gentlemen: The low condition to which the sugar interest of Louisiana has been dragged down recently has deprived a large section of country of the means of cultivating the sugar crop, and has driven some sugar planters to the cultivation of rice, which requires less capital to bring forward a crop to a state of harvest. It does not take a large amount of labor to plow the ground and to put in the rice. After that, the ground is covered with water, so that the number of laborers required on a rice plantation is not great. The harvesting of the rice crop commences there in July; the harvesting of the sugar crop commences in October. It gives an exceedingly profitable time to the laborer, who is able to devote his time to the saving of the rice crop before the sugar crop is ready to be saved. Therefore to the laboring people of Louisiana the raising of rice has worked remarkably well. The great point of difficulty in our country is the rainy season, which comes on in September, frequently before the rice crop is secured. Owing to this rainy season we meet with considerable losses in the quantity and quality of rice. The saving of the crop has to be a very rapid work. One of the great difficulties which we have experienced latterly has arisen from the different constructions that have been put on the tariff with reference to the importation of rice. I have always understood, and I have no doubt that it is the case, that the exemption made in the rice tariff, putting granulated rice at 20 per cent. ad valorem, was intended to apply only to a small quantity of rice flour which had been previously manufactured abroad, and to the offal of rice. The offal is the bran, the finer portions which are not of sufficient value to go into daily consumption. It is the bran of the rice. It is of very little value, not worth more than from 25 to 50 cents per hundred pounds in the United States. That is what was intended to be allowed to come in at 20 per cent. ad valorem; but it is extended up now so as to embrace as valuable rice as any in the world, because it has become a practice on the other side of the water to take the whole grains of rice, and after chopping them up into smaller particles, put them back into sacks, so that this rice which ought to pay a duty of $2\frac{1}{4}$ cents a pound has been allowed to come in here at 20 per cent. ad valorem—the same identical rice. This is not done by the original raisers of the rice, but is done in the large markets abroad. By this means they escape the duty of $2\frac{1}{4}$ cents a pound. This rice is just as good even for the purposes of food as whole rice, but it finds a special demand for the use of brewers and others, and is largely imported for that purpose. It is an apparent evasion of the law. By this ingenious arrangement the rice thus prepared comes apparently within the present construction of the law as to the 20 per cent. rice. It is of the greatest importance to the rice interests of the United States that the duty in the first place should be maintained on rice, because the cultivation of rice in this country is but a struggling business at any rate, but can be made a very important business in this country; and in the next place, under this construction of the law, one-third of the crop of foreign rice can be brought here under the extremely low rate of duty by a little manipulation.

Mr. HEWITT. Is this statement true which I find in a printed paper submitted to the committee this morning: "We can produce statements from rice millers, planters, brokers, and leading merchants in Louisiana saying that millers and planters cannot suffer by leaving the duty at 20 per cent. on simply granulated rice, said rice corresponding with our broken rice; and we can see no possible advantage by changing the duty on granulated rice, as before brewers used it, it was almost unsalable and of very little value." Do you hold that statement to be true or not?

Mr. GAY. No, sir. From our standpoint it is utterly untrue and utterly destructive of the rice interests of this country.

STATEMENT OF MR. T. O. BULLOCK.

Mr. T. O. BULLOCK, of New Orleans, laid before the committee thirteen samples of different grades of cleaned, broken, and granulated rice, and of rice flour and meal, to show, he said, how ridiculous it was to impose the same duty on broken rice as on whole rice, and he submitted also the following printed paper. He continued:

In addition to the reasons we have already presented for your consideration why

there should be no change in the provisions of H. R. 5576, levying a duty of 20 per cent. ad valorem upon "rice flour and rice meal and broken or granulated rice," we desire to call your attention to the following:

(1) Broken and granulated rice is used almost exclusively by brewers in the manufacture of beer, and only an infinitesimal quantity of this article produced in this country or imported is used for food.

(2) The large demand by brewers which has sprung up during the past five or six years requires at least six times the quantity of broken and granulated rice for use in manufacturing beer as is produced in the United States.

(3) Rice is of greatest value when the grains are whole, clean, and sweet. The breaking of rice reduces its value; therefore rice is never broken intentionally. The broken and granulated rice of this country and that imported from abroad are alike produced in the process of cleaning rice to make it merchantable. It is a well-established fact that in cleaning rice about 8 pounds in 100 is broken, and it is from this broken rice that the broken and granulated rice used by brewers is obtained.

(4) It is thus seen that broken and granulated rice is really a raw material used in manufactures, and that only one-sixth of the quantity required is produced in this country. It is an undisputed fact that since the demand of the brewers sprang up the broken rice of the Southern States has borne a better price and met with more ready sale than ever before.

(5) Colonel Trenholm stated to the committee yesterday that in 1885 broken rice was worth 2 cents per pound, fair rice 4 cents per pound, but neglected to state that choice rice was worth $6\frac{1}{2}$ to 7 cents per pound. And at the same time urged that the duty should be fixed at as high a rate upon the inferior grades of broken and granulated rice as was placed upon the best grades of cleaned rice imported for use as food.

We respectfully submit whether, as an act of equity and justice, this cheap, inferior grade of rice, which has lost its value as a food product, and can only be sold to be used as a material for manufacturing beer, should be subjected to as high a rate of duty as the fine grades of rice brought into this country to be used as food in competition with Southern rice. While the Southern States produce more than three-fourths of all the rice used for food, they produce, as has already been stated, only about one-sixth of the amount of broken and granulated rice required for manufacturing purposes. In the one case they would be amply protected by the proposed duty of $1\frac{3}{4}$ cents per pound on cleaned rice, which is a reduction of 23 per centum of the present duty. And there seems to be no just reason why the consumers of this cheap rice, this broken and granulated rice, should not be favored by a reduction of duty in the same ratio, thus fixing the duty at $15\frac{4}{10}$ per centum ad valorem instead of increasing the duty to $1\frac{3}{4}$ cents per pound, as has been urged by Colonel Trenholm and others.

We respectfully invite your attention to the fact that in June, 1885, the subject of the classification for the payment or duty of broken and granulated rice was considered by the Secretary of the Treasury, and a petition, signed by all the leading brewers in the United States, representing a capital of more than \$100,000,000, was presented to Secretary Manning, of which the following is a copy:

JUNE, 1885.

Hon. DANIEL MANNING,

Secretary of the Treasury, Washington, D. C.:

SIR: We learn that memorials have been filed in your Department by Messrs. Dan Talmage's Sons and others, asking a change of the rulings in regard to the classification of "granulated," "small," or "broken" rice, which are now admitted at a duty of 20 per centum ad valorem. We must earnestly protest against the reopening of this question. The law evidently drew a line between rice which is commonly used for food and those products of rice which commonly enter into manufacturing purposes. Upon cleaned rice the duty was fixed at $2\frac{1}{4}$ cents per pound; upon uncleaned rice, at $1\frac{1}{2}$ cents per pound; and upon paddy (or rice in the husk), $1\frac{1}{4}$ cents per pound; while upon rice flour and rice meal a duty of 20 per cent. ad valorem was fixed.

The recent decisions of the Treasury Department upon this subject have, as we understand them, proceeded upon the broad distinction above stated, and the customs officers have admitted, upon payment of 20 per centum ad valorem duty, "granulated" rice, "small" or "broken" rice, which are substantially the equivalent of rice meal.

These articles are not commonly used for food; they are not imported for any such purpose; nor are they imported for the purpose of mixing with cleaned rice with a view of defrauding either the Government or the trade.

These articles are imported exclusively for the use of brewers in the manufacture of beer. If any portion is used for food the amount is unquestionably infinitesimal.

This movement, then, is not for the purpose of having a new classification of an article which (they say) comes in competition with American cleaned rice as a food product, but is intended to put the duty of $2\frac{1}{4}$ cents per pound affixed to the cleaned rice, and which is not used by brewers, upon small grains of "broken" or "granulated" rice, which is exclusively used by brewers. This is a serious blow at our business,

and we urgently request that this subject shall have your most careful consideration.

We have no wish to violate the customs laws. If we buy and use imported "cleaned" rice in our manufactures, we expect to pay the duty of $2\frac{1}{4}$ cents per pound upon it.

But when we use "granulated" or "broken rice," or "rice smalls," however produced, or rice in any form so that it loses its commercial designation and value as "cleaned rice," we expect to have it admitted under the existing law at 20 per centum ad valorem.

And in this connection we invite your attention to the fact that the production in this country of "granulated," "small," or "broken" rice is entirely inadequate to meet the demands of trade, and therefore the importation of large quantities of these articles is a necessity.

At the hearing before the Secretary no attempt was made to controvert the statement of facts made in said petitions. We respectfully ask that you will request of the Secretary of the Treasury the use of said petitions for your examination.

We also invite your attention to the fact that at the same hearing before the Secretary of the Treasury affidavits of prominent grocers from all parts of the United States were presented showing that they did not sell granulated rice, broken rice, or rice smalls as an article of food, and that they did not keep it for sale. These affidavits are accessible to your committee at the Treasury Department if you desire to see them.

It will, therefore, be seen from the statements of the brewers and the grocers that this ontry that the importations of broken and granulated rice is put upon the market as an article of food in competition with cleaned rice has no foundation in fact.

Your attention is also called to the fact that all the imported rice heretofore used by brewers was of the broken and granulated grade, and was admitted at a duty of 20 per centum ad valorem, and that under the impetus of this new use for broken and granulated rice the receipts to the Treasury from this source have increased from \$2,024 in 1876 to \$148,581 from January 1, 1885, to January 1, 1886. And now, at a time when Congress is proposing to reduce the receipts into the Treasury by a reduction of duties, it is urged that the duty on this quality of rice shall be increased 400 per cent.

The suggestion that broken and granulated rice to be admitted at 20 per centum ad valorem should be small enough to pass through a screen twenty meshes to the inch is in our judgment entirely inadmissible. You are reminded of the fact that corn-meal for making bread is usually ground to pass through a sieve with sixteen meshes to the inch. Rice so ground would not be what is known in the market as broken or granulated rice. Rice so ground would be open to adulteration with fine corn hominy, and the best experts would scarcely be able to detect the fraud. What the brewers demand is rice so ground that from the appearance it can be readily distinguished as rice, and be free from the danger of successful adulteration.

If a standard of size should be adopted, we urge that as the No. 2, or broken rice of the Southern States produced in the process of cleaning, and which Colonel Trenholm says is worth 2 cents per pound, is the equivalent of the imported broken and granulated rice, each filling the place of the other, and the only rice with which the foreign article competes, it should be adopted as the size for imported broken or granulated rice.

Your bill, as it now stands, draws the line between the high and the low rates of duty at the true point. Upon the one hand you levy the highest rate upon cleaned rice, the ultimate product prepared for market, which bears the highest market price, and is used for food. You thus protect by a duty of $1\frac{3}{4}$ cents per pound ninety-two one-hundredths of the entire rice product of this country. Upon the other hand, the low rate of duty is fixed upon the refuse rice resulting from the process of cleaning, which has the lowest market value, is not commonly used for food, but as a material in manufacturing beer, which is not, and cannot be, produced here in sufficient quantities to meet the growing demand, the home product of broken and granulated rice being about eight one-hundredths of the rice crop and one-sixth of the amount consumed here.

We deem it proper to refer to the statement of Mr. Wilkinson that 13,000 bags of rice of the sample produced by him has been imported since the late decision of Secretary Manning, which took effect November 20, 1885.

We are well satisfied that Mr. Wilkinson has been misled in this matter. In the first place, less than half this quantity of broken and granulated rice, including rice flour and rice meal, has been imported since that date. In the second place, the customs officers have been remarkably particular in their classifications of rice, and it is an imputation upon their intelligence and integrity to allege that this large-sized rice has been passed at 20 per centum ad valorem, contrary to the ruling of the Secretary of the Treasury.

In the third place, we insist that, before these samples and this statement are re-

ceived as conclusive, inquiry shall be made of the Secretary of the Treasury and the truth of the allegations verified.

In the fourth place, we allege that broken or granulated rice, much smaller in size than the sample produced by Mr. Wilkinson, imported by us since November 20, 1885, was refused entry at 20 per centum ad valorem, and the same was returned to Bremen. We refer to our sample marked L as taken from the goods shipped back as above stated. Over 3,000 bags of broken or granulated rice have been refused entry at 20 per centum ad valorem since November 20, 1885.

Those who clamor for an increase of duty on this grade of rice have no grounds of complaint in respect to the character of the rice entered at 20 per centum. Upon the contrary, the brewers are very much dissatisfied with the existing state of affairs.

The following importations of granulated or broken rice were made at the port of New York:

	Pounds.
September, 1885	5,266,403
October, 1885	4,748,901
November, 1885	5,390,730
December, 1885	1,304,763
January, 1886	368,918

It will thus be seen that the present interpretation of the law has resulted in almost destroying the trade in imported and granulated rice.

There are certain important facts which should be understood and kept in mind for the proper consideration of this question:

(1) That rice attains its highest commercial value when the grains are plump, clean, and sweet, so as to best fit it for use as food.

(2) That whole grains of rice are used for food and not for manufacturing purposes.

(3) That rice meal, granulated rice, broken rice, and rice smalls are almost exclusively used for brewing purposes, and that a very small proportion of these articles is sold and used for food.

(4) That when the grains of rice are broken, their value is reduced fully one-half, and this is the case whether the grains are in 4, 8, 16, or 32 parts, or reduced to flour.

Further, that cleaned rice—i. e., whole grains of rice—cannot be advanced by any process of manufacture into a more valuable product, as can be done with corn and wheat. When whole grains of rice are broken, their value is reduced one-half beyond recall.

In view of the foregoing considerations, we urgently request that no change be made in the bill now before you in respect to the classification and duty upon "rice-flour and rice-meal and broken and granulated rice."

Mr. Bullock also submitted the following printed paper:

An argument why the "lines" Nos. 360 and 361, "H. R. 5576," "bill to reduce tariff taxes," introduced February 15, 1886, by the Hon. Mr. Morrison, chairman Committee on Ways and Means, should not be changed.

To the honorable members Committee on Ways and Means, Washington, D. C.:

GENTLEMEN: In the "tariff bill" now being considered by your honorable committee, we are pleased to note some changes in the rates of duty on whole or cleaned rice, and the addition of "broken or granulated rice," which was not heretofore listed.

This indicates a desire on the part of your honorable committee to consider the rights of the "great majority." The proposed rates of duty are certainly as high as they should be, and the additions in line 360 are a just consideration of the vast brewing industry of this country, and the people engaged in this industry fully appreciate your consideration in making these additions in their behalf as proposed.

The arguments that the small monopoly may present to your honorable committee have been punctured and fully answered on the different occasions when this subject was considered by your honorable committee and the Senate Finance Committee, and discussed thoroughly by the Senate when an effort was made to impose a prohibitory duty, the bill having passed the House.

This question was also argued before the late Secretary of the Treasury, Mr. Folger, on three separate occasions, and his decision was in our favor upon each occasion. The former appraiser of this port, who was thoroughly familiar with the subject, decided in our favor each time. The present collector, Hon. E. L. Hedden, had a most thorough hearing on this subject, many witnesses being examined under oath, and the collector, after this hearing, and after becoming familiar with the facts, also rendered his decision in our favor.

In fact, all decisions were favorable to us, until the decision of the present Secretary of the Treasury, Hon. Daniel Manning, made October 30, 1885, and taking effect November 20, 1885.

Last year the importation of brewers' rice was very large, but since the decision of

the honorable Secretary of the Treasury, on the 30th October last, the importations have almost ceased, and certain grades which compete with Southern rice are in fact prohibited, being held that it should pay the same duty as whole rice, $2\frac{1}{4}$ c. per pound; yet, strange to say, the arguments and statements made before the Secretary by Southern rice millers have not been confirmed, for as a matter of very hard fact, select Southern broken rice can be purchased in limited quantities to-day for $1\frac{1}{2}$ c. to 2c. per pound, showing that the high prices the Southern millers expected would result from the decision of the 30th October, were not only not realized, but on the contrary rice is lower in price to-day, and the Government, as a result of the last decision, deprived of a large revenue.

The price of Southern rice is not material in this controversy, as the insignificant quantity of brewing rice produced by the South in one season can be consumed by one Saint Louis brewery.

For the guidance of your honorable committee, we take pleasure in submitting samples of the different grades and kinds of rice produced, both foreign and domestic.

We can produce statements from rice millers, planters, brokers, and leading merchants in Louisiana, saying that "millers and planters cannot suffer by leaving the duty at 20 per cent. on simply granulated rice, said rice corresponding with our broken rice, and we can see no possible advantage by changing the duty on granulated rice, as before brewers used it it was almost unsalable and of very little value."

We pray your honorable committee will not make any changes in the reading of lines numbered 360 and 361, H. R. 5576, reading as follows:

360. "*Rice flour and rice meal, and broken or granulated rice.*"

361. "*Twenty per centum ad valorem.*"

By so doing we will be saved great additional expenses, as we have spent many thousands of dollars during the past three years in endeavoring to protect our interests, as well as those of the brewers of this country, against the schemes of one would-be monopolist in this city, who commenced this controversy and not the "South."

Yours, very respectfully,

BULLOCK & CO.

NEW YORK, *March*, 1886.

Mr. HISCOCK. You have made this statement in the printed paper which you have submitted: "We can produce statements from rice millers, planters, brokers, and leading merchants in Louisiana saying that millers and planters cannot suffer by leaving the duty at 20 per cent. on simply granulated rice, said rice corresponding with our broken rice, and we can see no possible advantage by changing the duty on granulated rice as before brewers used it, it was almost unsalable and was of very little value." Is that statement correct?

Mr. BULLOCK. Yes, sir; the originals of these statements are in the Treasury Department. I presume Mr. James would control them.

Mr. HISCOCK. What you claim is that this granulated rice cannot be used except for one purpose—for brewing purposes.

Mr. BULLOCK. Yes; and that accounts for the very large importation of it. It is sold to brewers. The production of broken rice in this country last year was only between nine and ten million pounds, while the importations amounted to forty-three million pounds, until Secretary Manning made a ruling shutting out these broken grades of rice. Then, as regards prices, Mr. Trenholm spoke about the price of broken rice in 1885 being 2 cents a pound and of fair rice 4 cents a pound; but he failed to state that the price of choice rice was 7 cents a pound in 1885. Consequently that was $3\frac{1}{2}$ times the price for broken rice, so that there is no reason why broken rice should pay the duty of whole rice. The low price at which broken rice is imported has caused the demand for it. It is sold only to brewers.

Mr. HEWITT. You say that you can produce statements from rice millers, planters, and others in proof of what you say. Where are those statements?

Mr. BULLOCK. The originals are in the Treasury Department. The statements were used in the Arizona case, in March, 1883.

Mr. HEWITT. I think you ought to produce copies of them.

Mr. BULLOCK. I will do so. I have copies at my home.

Mr. HEWITT. They should be given to the stenographer and made part of the record.

Mr. KELLEY. Are the copies that you have certified copies.

Mr. BULLOCK. No; they were telegraphed at the time of the Arizona hearing, in March, 1883. The originals are filed in the Treasury Department.

Mr. KELLEY. Who made the copies?

Mr. BULLOCK. I copied them from the originals filed in the Treasury Department, and the copies I have.

Mr. HEWITT. It will be competent for Mr. Bullock to say that he made those copies.

Mr. KELLEY. You say that these statements are from known rice planters?

Mr. BULLOCK. Yes, from known rice planters, known rice millers, and known rice merchants.

Mr. HISCOCK (to Mr. James). Do you know whether those papers are on file in the Treasury Department?

Mr. JAMES. No; I do not recollect whether such papers are there or not.

Mr. BRECKINRIDGE, of Arkansas (to Mr. Bullock). What do the telegrams state?

Mr. BULLOCK. They state in substance what is stated in this printed paper.

The CHAIRMAN. I wish you would get them and have them put in the testimony.

Mr. BULLOCK. I will.

The CHAIRMAN. Have you something further to say to the committee?

Mr. BULLOCK. Nothing further than to explain samples which I have here.

Mr. HEWITT. We have had samples shown to us.

Mr. BULLOCK. Those samples which have been shown do not represent the real state of the case.

Mr. HEWITT. There is no controversy over the fact that everything below the whole rice comes in now at 20 per cent?

Mr. BULLOCK. No, sir; there is a controversy about it.

Mr. HEWITT. Prior to the recent decision of the Treasury Department there was no controversy about it. All below whole rice came in at the 20 per cent. rate.

Mr. BULLOCK. Yes.

Mr. HEWITT. But now there is a new Treasury regulation which governs it?

Mr. BULLOCK. Yes.

The following are copies of telegrams referred to by Mr. Bullock:

NEW ORLEANS, April 10, 1883.

To T. O. BULLOCK,

Willard's Hotel, Washington, D. C.:

Until brewers used small broken rice corresponding to granulated, same was almost unsaleable at one half to two cents a pound; hence owe the advance of price to brewers.

Millers and planters cannot suffer by leaving duty 20 per cent. on simply granulated rice, as the price of brewers' small rice is selling only for 2½ to 3 cents a pound; but granulated mixed with whole-grain rice, or brewers' small rice mixed with whole-grain rice, and either paying only 20 per cent., is sifted and the whole grain sold at full price, having only paid 20 per cent. instead of full duty. In this instance our interest is slaughtered and we cannot compete on fraudulently imported full or whole-grain rice.

WARNER & HOLTZELLE,

Millers and planters.

STEWART & RICKERT,

Rice millers and planters.

HENRY GEHL,

Rice broker.

NEW ORLEANS, LA., April 12, 1883.

To T. O. BULLOCK,

Willard's Hotel, Washington, D. C.:

We can see no possible advantage by changing duty on granulated rice, and ask to leave it remain 20 per cent. But we beg for a full duty on granulated rice mixed with whole-grain rice, same being passed as granulated rice, thereby defrauding Government and destroying our interest.

JOHN J. ADAMS & CO.,

ZUBERLEIN & BEHAN,

E. T. DELBONDIS,

SCHMITT & ZEIGLER,

G. H. STERN,

E. TRIECHE,

G. A. GATHIREAUX,

PUTNAM BROOKS,

C. LANDRY,

Millers, merchants, and planters.

STATE OF NEW YORK,

City and County of New York, ss:

Thomas O. Bullock, being duly sworn, says that he is a member of the firm of Bullock & Co., carrying on business at No. 120 Water street, in the city of New York aforesaid, as importers of and dealers in granulated or broken rice, and that the importations aforesaid of this deponent's said firm are made expressly for sales to brewers for manufacturing purposes in making beer, and not as table rice, and that such importations are not sold by deponent's firm as table rice or for table purposes, and that deponent's said firm have no mill or other establishment into which to take imported

rice for brewing or other manipulation, and that no member of said firm has or is interested in any such mill or other establishment.

Deponent further says that his said firm were the first importers in this country of granulated or broken rice, and have been the principal dealers in such rice in this country, handling the bulk of what is imported here.

That deponent's said firm has heretofore sold imported granulated or broken rice to brewers only for brewing purposes, with the exception of 150 bags sold to parties outside of brewers, and said quantity is less than one-hundredth of 1 per cent. of the total sales of rice made by deponent's said firm.

This quantity is therefore infinitesimal; and 130 bags of said quantity were sold by deponent's firm to one party in Milwaukee, Wis., who, for aught deponent knows, may have in turn sold same to brewers for brewing purposes.

THOS. O. BULLOCK.

Sworn to before me this 12th day of March, 1886.

J. C. ROBERTSON,
Notary Public, City and County of New York (108).

STATEMENT OF MR. CORNELIUS MORRISON.

Mr. CORNELIUS MORRISON, of New York, said:

Mr. Chairman and Gentlemen: In 1880 the brewers found that the people desired lighter beer, and they found also that the cheapness of rice in this country would enable them to use it to advantage for brewing purposes. One brewer at that time adopted it, and the brewers commenced to consume broken and middling rice (No. 2 and No. 3) and there was a great demand for it. There was none of this rice consumed before outside of the plantations. On the plantations the laborers were forced to consume this broken rice. But, as I say, in 1879 or 1880 the brewers found that the demand was for a lighter beer, and that this rice could make lighter beer. At first they consumed American rice from seven to eleven million pounds a year. But they found that American rice would be some years harder and flintier, and that other years it would be soft and the reverse. They found, therefore, that they could no longer rely upon American rice-growers to supply the continuous demand for broken rice for brewing purposes, and they therefore applied to the importers to bring in rice flour. This rice flour, however, the brewers found to be adulterated, and found that it destroyed their beer. Then they applied to the importers for a larger grain, and the importers introduced a rice which is called granulated rice. The brewers still thought that that rice was not large enough, as it could not be distinguished from white corn. In 1883 the rice planters of Georgia and South Carolina made a test case in regard to the duty under which this rice should be admitted, and they carried the case to Washington before Judge Folger, who was then Secretary of the Treasury, and they got a decision in their favor. At that time the Anheuser-Busch Company, of Saint Louis, consumed a million pounds of this granulated rice; the Milwaukee Beer Company, 10,000,000 pounds; the Schlitz Brewing Company, 8,000,000 pounds; and another large brewing company in Saint Louis, from 7,000,000 to 8,000,000 pounds. The brewers had, therefore, no sufficient supply of rice in this country, and they would have to go out of the business if they could not get a foreign supply of rice. The brewers, therefore, went before the Treasury Department in 1883 and stated the case, showing that this broken rice was only used for brewing purposes. We came on here again in April, 1884, and stated our case. The decision was made in our favor, and the result has been that this broken rice has been imported very largely. In the mean time those interested in the production of rice in the South claimed that a good deal of this broken rice imported was sold for food purposes. The New York importers inquired into the matter, and the only case they found where this rice was used for food purposes was a case in which Mr. Bishop imported some to Chicago and shipped it to the West. These people who come here and fight the brewers are the only people who have been bringing this broken rice to the South and shipping it directly to the West and Southwest as their own native production, changing the packages. It was stated that grocers in New York were selling this broken rice for food purposes, but there could not be found one grocer in New York, Brooklyn, or Jersey City who sold a pound of this granulated rice for food purposes.

Mr. HISCOCK. What you claim is that the planter imports this broken rice and mixes it with whole rice, and sells it as a food product?

Mr. MORRISON. Yes. The business of using this broken rice for brewing purposes is carried on to such a large extent that brewers cannot very well do without it. This year especially more rice is used than ever, because the malt is of a bad color. I was in Saint Louis two week ago, and I found that this broken rice (sample No. 3) they were offering in Louisiana from $2\frac{1}{8}$ to $2\frac{3}{4}$ cents a pound. The freight from New Orleans to Saint Louis was 15 cents a hundred pounds, to Cincinnati 18 cents, and to

Chicago 38 cents, making the rice cost $4\frac{1}{2}$ cents a pound. Foreign broken rice cannot be set down here from Europe at less than \$1.90 a hundred pounds; the addition of the 20 per cent. duty makes it \$2.30 a hundred pounds, and the freight from New York to Saint Louis makes it \$4.50, to Chicago \$3.50, and to Milwaukee \$3.80. Therefore this imported broken rice from the 1st of November to the 1st of May does not enter into competition at all with Southern rice, as it cannot be delivered in Saint Louis at less than \$4.50 per hundred pounds, while the Southern rice can be delivered at \$2.80. So we believe that no injustice is done to the Southern rice-growers. Before the war they sold their best rice at $3\frac{1}{2}$ cents a pound. Every article that goes into consumption has decreased in price since then. There is not an article which goes into consumption and which is used by the producers of rice that is not cheaper now than it was in 1860. That is all for the benefit of labor. So we think that it would be great injustice to the brewing interest in this country, and a great injustice to the merchants in the North, if they were prohibited from bringing in this rice to sell in legitimate trade. I believe that Mr. Bullock has never sold of all his importation 300 packages of granulated rice except for brewing purposes. The firm with which I am connected never sold a pound of broken rice except for brewing purposes; and the people who charge that this rice is bought and sold for food purposes cannot produce one respectable grocer in the city of New York, Brooklyn, Jersey City, or any other city who will say that he bought this rice and sold it for food purposes. So we claim that the ruling of Mr. Secretary Manning, of November 24, 1885, should be so far modified as that we can bring in this granulated rice at 20 per cent. ad valorem. The brewers claim that the rice flour imported has mixed with it corn and other foreign substances, and we have always had certificates showing that the granulated rice imported for brewing purposes was pure rice manufactured especially for the brewing interest, and nothing else.

Mr. HARRIS. Do I understand you to say that planters in the South have bought broken rice in Europe, shipped it south, and then sold it for food?

Mr. MORRISON. Of course they have.

Mr. HARRIS. Are you prepared to give the names of those planters?

Mr. MORRISON. I cannot say that they are planters at all. Mr. Bishop, of Charleston, is here and can give you the names of men who deal largely in granulated rice for this purpose. Mr. Bishop controls them. He is a broker in rice.

Mr. HARRIS. You do not charge, then, that the planters do it?

Mr. MORRISON. No. The people who come here are the rice millers and brokers, not the rice planters.

Mr. HARRIS. I wanted, if planters are engaged in this sort of business, to know who they are.

Mr. MORRISON. I think Mr. Bishop, of Charleston, is interested in rice plantations. Mr. Trenholm is present and can tell us. (To Mr. Trenholm.) Is the firm of Bishop & Co., of Charleston, interested in rice plantations?

Mr. TRENHOLM. I think they are.

Mr. MORRISON. They bought largely last year of this granulated rice.

Mr. BISHOP. The firm of Bishop & Co. has nothing to do with rice plantations. They are simply dealers, buyers, and sellers and jobbers.

Mr. MORRISON. We made inquiries, and we found that the very people who were fighting to have the duty on rice made uniform were importing granulated rice and mixing it with pure rice for food purposes.

Mr. HARRIS. Then you change your remark from planters to dealers?

Mr. MORRISON. Yes.

Mr. HARRIS. Because those of us who come from that section are under the delusion that there is no rice planter able to buy a cargo of rice.

Mr. MORRISON. A bag of rice does not cost much.

Mr. BRECKINRIDGE, of Arkansas. What was the exact purpose of those dealers in buying foreign rice and selling it again?

Mr. MORRISON. To make money as a speculation.

Mr. BRECKINRIDGE, of Arkansas. I thought you were trying to show that they wanted to enforce some point before the Tariff Commission.

Mr. MORRISON. No; the rice crop begins to enter the market in September or October, and the market for it is active in November or December. In April and May the surplus is sold, and then foreign rice comes in to meet the deficiency. The domestic rice then advances in price and foreign broken rice comes in competition for a short time with American broken rice.

Mr. BRECKINRIDGE, of Arkansas. Then I understand you to say that when American broken rice is in the market it completely drives out foreign broken rice?

Mr. MORRISON. Yes.

Mr. BRECKINRIDGE, of Arkansas. And the point you seek to demonstrate is that American broken rice is continuously in market?

Mr. MORRISON. Last year Louisiana marketed a crop of 250,000 pounds, and consumed 300,000 pounds at home. This year it is claimed that they got nearly a million

pounds of rice. I think at all events they have more than doubled the crop of last year. They claim that the rice crop is profitable, and many of the planters in Louisiana have made money in rice planting.

Mr. BRECKINRIDGE, of Arkansas. The impression you convey is that there is something wrong in buying this broken rice and selling it as they do.

Mr. MORRISON. The planters and Southern people wish to claim that there is. We claim that there is not. We claim that we sell this broken rice not as a food product, but for brewers' purposes only.

The CHAIRMAN. I understand this gentleman to say that those merchants, for the purpose of making money, bought, some of them, broken rice, which paid only 20 per cent. duty, and mixed it with large grains and sold the whole as food rice.

Mr. MORRISON. Mr. Trenholm says that Mr. Pinckney went out of the rice business because foreign rice was sold in his neighborhood; but they had a very short crop of rice in South Carolina that year.

STATEMENT OF MR. LOUIS SCHADE.

Mr. LOUIS SCHADE, of Washington, addressed the committee. He said:

Mr. Chairman and Gentlemen, the main point is that the planters of American rice are not able to supply the demand for rice on the part of the brewers of the United States. The product of rice in the United States is about 120,000,000 pounds. Every twelfth pound is considered to be broken rice, and that would give us nine or ten million pounds of broken rice altogether. I know that the Anheuser-Busch Company buys up all that, and would buy more if they could get it. Hence it is impossible for the brewers of the United States to get their supplies of broken rice here, and they have to look for it to importers from abroad. My opinion is that this rice does not at all interfere with the product of Southern planters. If they could furnish themselves all that was required for consumption here, that would be a different thing, but they cannot do it. They cannot even supply the entire demand for food rice, and we have had to import over fifty million pounds last year. We do not want to interfere with the rice planters of this country, but at the same time we claim that they should not interfere with us in reference to the tax on an article which they cannot furnish. A duty of 20 per cent. ad valorem represents a duty of \$1 on every hundred pounds of broken rice. The difficulty now is to ascertain what standard of broken rice is to be taxed as 20 per cent. rice. The question has been before the Treasury Department for many years, and the Department wants Congress to say positively what is broken rice and what is not. I think that you can safely assume the standard at which rice shall be admitted at 20 per cent. ad valorem, as the South does not produce enough for consumption. The brewers would prefer domestic rice to foreign rice, but they cannot have a sufficient supply of domestic rice. If Congress does not define distinctly what is meant by broken rice, the difficulty will continue in the custom-house and there will be trouble.

STATEMENT OF MR. JAMES.

Mr. JAMES addressed the committee. He said:

Only on Saturday, Mr. Chairman, did I get any notification that I was to appear before this committee, and I appear on behalf of the Fowler Rice Company, of New York, who handle a great deal of this stuff for brewers' uses. This subject of broken or granulated rice is not a new one by any means. When the tariff of 1883 was under consideration in the Senate and the clause for rice flour and rice meal was under discussion, it was suggested that it be made to include broken or granulated rice. That proposition gave rise to considerable discussion, and the amendment was adopted on the statement that it made no difference anyway; that rice flour did include the article of broken rice or granulated rice. No one seemed to make any objection to that in the Senate, as can be proven, of course, by the record.

The suggestion has been made, I believe, that the term "broken" or "granulated" rice, as used in the bill under consideration, is uncertain, and that, therefore, a standard had better be made beyond which broken rice shall be considered as rice. As a matter of demonstration, it seems to me that is hardly the case, for the term "broken rice" or "granulated rice" means a grain of rice which is broken, not whole. Anybody can see whether grains of rice are broken or whole, so that there is no need of a definition. If, however, the committee shall see fit to make a standard (just as the law at one time made a standard with reference to the size of coal), that would be an easy method of demonstration. One of the most important points made is the good faith in this whole transaction, whether the law as it stands has been abused by the importation

of one article ostensibly for brewers' uses and used for other purposes. The statement was made by Mr. Trenholm. That can hardly be true when 38,000,000 pounds of broken rice was used last year for brewing purposes. Of course, if it were true, it would impair the whole transaction; but the statements made show that not only is the whole importation of broken rice used for brewers' purposes, but that the brewers would be glad to get more of it if they could. It is a raw material to them. It cheapens beer. The whole product of the Southern States which the brewers can have for that purpose only reaches about 9,000,000 pounds a year, and the rice planters cannot do better unless they increase the area of their rice-growing plantations. Of course, if they mix the broken grains with food rice, they can obtain a better price for it, because they can palm it off on the public for rice.

STATEMENT OF MR. THEODORE S. WILKINSON.

Mr. THEODORE S. WILKINSON, of Plaquemines Parish, Louisiana, said:

Mr. Chairman and Gentlemen of the Committee: I will not go into this matter at great length, particularly as I have gone into the subject somewhat already. The rice crop of Louisiana has increased with enormous rapidity. Just after the war the cultivation of rice was limited to two parishes in the State of Louisiana, the parishes of Plaquemines and Terre Bonne. These two parishes produced all the rice that was raised in Louisiana, and they produced not over 30,000 barrels of rough rice. The year before last that produce of 30,000 barrels had increased to 400,000 barrels, or 40,000,000 pounds of clean rice. Last year it increased 100 per cent. over the preceding year. It increased from 400,000 barrels to nearly 900,000 barrels. So the crop of Louisiana last year was fully 90,000,000 pounds of cleaned rice.

Just at this stage of the industry we have another tariff agitation and another bill in Congress to reduce the tariff on rice. Unless this industry receives an immediate check, Louisiana can produce at least double what she produced last year. But this year the crop will be no doubt smaller instead of larger unless it be understood that no tariff changes are to be made. The gentleman who spoke before me said that no Louisiana rice planter before the war received for his rice more than 3½ cents per pound, and that now provisions and everything else are cheaper, and that there is no reason why they cannot produce the rice now for 3½ cents a pound. I admit that everything is cheaper in Louisiana in the making of rice except one thing, but that one thing amounts in expense to more than all the rest put together. That one item is labor. Our labor is such that we cannot make rice and compete with the rice that is made in China, India, and elsewhere, where only nominal wages are paid. In Louisiana everything else is cheap enough except labor, but with the present cost of labor we cannot produce rice any cheaper than it is produced now.

As to the competition in broken rice, the gentleman who last addressed the committee said that planters in the South introduced this rice, changed the packages and sent it out with their brands upon it. Mr. Chairman, I am a planter in the South, and I am also a miller, and, so far as the planters and millers of the South are concerned, I deny the assertion *in toto*. It is true that the gentleman qualified his statement afterwards by saying that some dealers in rice did this. I do not pretend to be acquainted with all the business of the dealers in rice, but to the best of my knowledge and belief not a single dealer in the State of Louisiana or in the city of New Orleans does anything of the kind. I am not here to charge fraud against anybody, but I do charge that this rice imported as broken rice can be used as a food product. I do charge that while there may not be fraud in the matter, there is the ability to perpetrate fraud by selling this rice as a food product. Here is a sample [exhibiting sample] of rice taken from a cargo recently arrived in New York—broken rice. Some of the grains, as you see, are actually whole, and I venture to say that at least two-thirds of the crop of Louisiana this year is very little better than this sample is now, and that if one-third of the rice in this sample were sifted out, the other two-thirds would be fit for food consumption. I do not know whether it was imported for food consumption or not; but I know it can be used for the purpose. It can be used with other rice; and I repeat that two-thirds of it is fully as good as two-thirds of the rice crop of Louisiana this year. I am not charging fraud against anybody, but it can not be denied that this rice does enter into direct competition with the rice which is sold as food in Louisiana, and which is made with American labor, and I do charge that American labor cannot produce rice in competition with the labor brought at any such price as this rice can be obtained in the American market.

Mr. GAY. What we suffer from is the manipulation abroad of whole rice prepared for consumption into a manufactured article of fine broken grains which is introduced into this market at a low rate of duty. That thing can be carried on *ad infinitum*, and bears very hard upon the agricultural-cereal interests of the United States. The fact may be possible (and it certainly must be so if the gentleman states so) that some

dealers in Chicago or New Orleans may have bought foreign broken rice and taken it there to sift it or to mix it, but the rice planters cannot be held accountable for that. It is a common business everywhere in New York, Chicago, Saint Louis, and throughout the whole United States to mix glucose with sugar, but that is not done by the planters but by the dealers, and the planters have no control over the dealers either in the matter of sugar or of rice.

Mr. JAMES. The gentleman who preceded me said that two-thirds of the crop of Louisiana was not as good on an average as the rice in the sample which he produced. Now, Mr. Dymond, of New Orleans, is here, and I wish to ask him to look at this sample and see whether he corroborates that statement. Being familiar with the rice imported into New York, I never saw a thousand packages of rice like that sample.

Mr. BRECKINRIDGE, of Arkansas. The thousand packages that you speak of, were they imported at 20 per cent. duty?

Mr. JAMES. This rice cannot have been admitted at the 20 per cent. duty.

Mr. HEWITT. This sample says that the rice has just been passed.

Mr. JAMES. Then I will state for the benefit of the appraisers of the New York custom-house that it is not so.

The CHAIRMAN. Another gentleman says it is so. We will not go into that question

STATEMENT OF MR. JOHN DYMOND.

Mr. JOHN DYMOND, of Louisiana, said:

The gentleman (Mr. James) has misquoted Mr. Wilkinson, of Louisiana. Mr. Wilkinson remarked in relation to the sample of rice which he submitted, that if two-thirds of its contents were sifted out the remainder of the sample would be equal to two-thirds of the last rice crop raised in Louisiana. That is the fact in the case. The rice crop produced in Louisiana is not of a very high grade, and this so-called broken rice comes peculiarly in opposition to it and would compete with the entire rice crop of Louisiana, at the nominal duty of 20 per cent. as in the case of the sample submitted to you. The rice planting interest in Louisiana is just struggling for ascendancy. Rice is the poor man's crop, so to speak, and it is very much to the interest of Louisiana and of the whole fringe of Southern States that the rice culture of the country shall be favored as far as it can be done and shall not be destroyed by the low grade of labor of other countries. We feel a deep interest in this matter. If the foreign rice admitted at 20 per cent. duty is of as good quality as the sample which has been submitted by Mr. Wilkinson, it will crush our industry out of existence.

SUGAR.

STATEMENT OF MR. KING.

WASHINGTON, D. C., *March 10, 1886.*

Mr. KING, Representative from the State of Louisiana, addressed the committee. He said :

Mr. Chairman and gentlemen, I did not intend to do anything more than merely submit some views of my own in writing. I came to meet a delegation sent here by the State of Louisiana, especially on the subject of the sugar interest. I wish to enter an earnest protest against the proposed reduction of the import duty on sugar; in fact, against any change whatever, and to give my reasons for doing so. Our customs revenue from sugar amounts to at least \$50,000,000 a year, and this revenue has continued at that figure for about ten years, giving to the Government some \$500,000,000 in money. This tax is, perhaps, more universally distributed than any other tax. It is the most easily and the most economically collected. Sugar, no matter what may be said to the contrary, is a luxury. It enters into the articles of food consumption in very many forms, but it can be dispensed with. All doctrinaires, all writers on the tariff question, have classed the duty on sugar with the revenues derived from luxuries. I think, therefore, that, as a matter of revenue, it behooves us to look well before we take the duty off this article. The necessary expenses of the Government, the increasing pensions, the proposition to build a Navy, to establish coast defenses, and to improve the chief water-ways of the country, all point to the fact that there is to be no diminution in the expenses of the Government.

If the tariff is to be reduced, I hope the reductions will be upon articles of necessity—on clothing, on those materials entering into the household life, on articles of necessity for laborers, and not upon luxuries.

Mr. MCKINLEY. Is there anything in the world that enters more largely into the household life than sugar?

Mr. KING. Yes; shoes, blankets, clothing, nails to construct buildings, and many hundred other things.

Mr. BRECKINRIDGE, of Kentucky. It is perfectly evident, Mr. King, that you are not a married man, and have no little children at home, else you would not say that sugar is not a necessity of daily life.

Mr. KELLEY. Do I understand you, Mr. King, to make the distinction that you would sustain the duty on sugar simply because it is a revenue duty?

Mr. KING. I say it is a revenue tax.

Mr. KELLEY. Then you would not favor it if it was a protective duty, would you?

Mr. KING. If the traditions of our Government are to be maintained in any direction whatever, then the traditions of a hundred years which have given protection would show that, under that view of the subject, we should ask for the protection of the sugar industry.

Mr. KELLEY. Then you would be willing to support the duty on sugar even though it was a protective duty?

Mr. KING. Yes.

Mr. KELLEY. I see your position very definitely.

The CHAIRMAN. Mr. King is trying to hit us at both ends of the table.

Mr. KING. I think I can, because the subject is made to hit both ends. I appeal to the whole committee, and confidently expect a unanimous report in favor of my proposition. The revenue reform and high tariff advocates can easily agree to it. Let the status of the sugar question remain unchanged for ten years at least. It yields the revenue that we need, and at the same time affords adequate protection to the sugar and dependent interests.

Mr. KELLEY. For fifty years I have been, as a free-trader and protectionist, a student of and legislator upon economic subjects, and I must say that Mr. King is making the most remarkable presentation of the case I ever heard. Go ahead, Mr. King; I am intensely interested in what you say.

Mr. KING. I know that there is a division of the committee on this subject, but the members can unite on my proposition.

Mr. KELLEY. It seems to me that there is a division on the part of the gentleman who is addressing the committee.

Mr. KING. Oh, no; not in the least. There are men advocating both views on the subject of the tariff, and I am appealing to both views, hoping that they will adopt mine as a compromise.

Mr. KELLEY. There are men having both views on the subject.

Mr. BRECKINRIDGE, of Kentucky. I suppose it is only showing the truth of the proverb that extremes meet, and sugar seems to be the point of meeting.

Mr. KING. It is so in this instance, or should be.

Mr. BRECKINRIDGE, of Kentucky. If you make that sugar sweet enough to make the Union permanent, we may be able to fix a tariff law which will pass.

Mr. KING. I think it can be easily done by taking either view of this subject. I wish to follow out the subject from another standpoint. It has been said by many that this sugar-growing interest is a feeble; perishing industry, and that it would be better to throw it overboard. I have heard it stated by protectionists that a bounty had better be given to the sugar growers; that the persons employed in the production of sugar in this country had better be paid a bounty from the public Treasury have the duty on sugar continued. A bounty has been paid by some States, to a certain extent. The State of New Jersey has paid, during the past six years, \$2 per ton on stripped sorghum cane and 1 cent per pound for all sorghum sugar produced in the State, and I believe that petitions for a similar bounty have been presented in the Kansas legislature.

Germany and France have long been paying bounties on their beet-sugar products, and it is very doubtful if either the sorghum or beet sugar industries can exist without substantial aid in the form of direct bounties, in addition to protective tariff duties.

They have the same tariff protection in this country that is extended to the tropical sugar cane industry of Louisiana, and will probably need a bounty in addition.

According to the latest official report of the New Jersey State experimental station, the average yield of sorghum sugar in that State, after six years of experimenting is only 315 pounds of raw sugar per acre. In Louisiana the average yield of our tropical cane is fully 2,500 pounds of raw sugar per acre. We therefore don't ask or need the bounty that is paid in France and Germany, and by the State of New Jersey.

Senator GIBSON. That bounty expires this year.

Mr. KING. I have no doubt that an effort will be made to re-enact the law giving that bounty. I have nothing to say for it or against it. I believe that petitions for a similar bounty have been presented in the State of Kansas.

Mr. BRECKINRIDGE, of Kentucky. What has been the effect of the bounty on sorghum sugar?

Mr. KING. I do not know about that. I know that the bounty on beet sugar in Germany has been very effective. We ask no bounty for the sugar-growing interest in Louisiana.

Mr. McKINLEY. You do not call the existing duty on sugar a bounty in any respect?

Mr. KING. No, sir.

Mr. KELLEY. You would not have it, of course, if it were a protective duty?

Mr. KING. I have answered that question already. I am presenting to the committee views on which I think both ends can fairly stand in maintaining this duty on sugar. Very great efforts have been made in Louisiana and other States to develop this sugar-growing industry, and very great advance has been made in that direction.

Mr. McKINLEY. Is the production of sugar in this country larger than it was twenty years ago?

Mr. KING. It is very much larger. In fact, it has increased from nothing to its present magnitude in less than twenty years. During the war our sugar industry was totally prostrated. Sugar States were utterly ruined. The entire industry in our State is the creation of the last sixteen years.

Mr. McKINLEY. How much larger is it?

Mr. KING. I do not know.

Mr. McKINLEY. Has there been any considerable increase in the production of sugar within the last twenty years?

Mr. KING. There must have been a very great increase.

Mr. BRECKINRIDGE, of Kentucky. There are some matters in reference to the sugar industry in Louisiana which I should like to know about. How has free labor in the sugar industry been found to compare with slave labor?

Mr. KING. In all tropical countries, and in all countries where labor is scarce, slave labor or forced labor must be more profitable than free labor, especially where different races of men are employed in labor. Slave labor was very much more profitable than the present labor.

Mr. BRECKINRIDGE, of Kentucky. Has that been the ascertained result within the last twenty years?

Mr. KING. It has been ascertained from the reduced price of lands in the Southern States. All values have fallen since the abrogation of slavery.

Mr. BRECKINRIDGE, of Kentucky. And you attribute the fall in prices to that cause?

Mr. KING. I do. The contrary is shown in Cuba and Brazil, where they have cooly and slave labor, and where they can produce this article of sugar cheaper than it can be produced by hired labor.

Mr. BRECKINRIDGE, of Kentucky. I am not speaking of the general difference between the state of the country under the permanent slave system, to which they were accustomed, and the state of society in passing from slave labor over to free labor, but I am speaking simply of its effect in the production of sugar. Have the plantations which have been well managed under free labor been able to produce as much sugar, or more than they did with slave labor, or have they been forced to produce less than similar plantations well managed under slave labor before the war produced?

Mr. KING. Of course you find exceptional cases which may seem to prove the contrary idea, but you must take the whole, and not exceptional instances. The whole result has been, of course, a depression of the sugar-growing interests in the State of Louisiana.

Mr. BRECKINRIDGE, of Kentucky. Is that depression becoming more and more evident as the new generation of colored people grows up to manhood and goes into the field of labor, or is it becoming less evident?

Mr. KING. I think that the colored labor is becoming much more tractable, much more kind, and much more profitable than it was. The working of this labor in the cane fields to-day is affected very much by the condition of the whole sugar interest all over the world. The bounty given by Germany, which is almost equal to the cost of making the sugar, must have its effect. Sugar to-day is produced at the very lowest possible cost. It is sold at figures which can pay but very little on the cost of production. It is so cheap that it is scarcely conceivable that it can be made cheaper.

Mr. BRECKINRIDGE, of Kentucky. To what other use can the lands which have been devoted to the raising of sugar be put in Louisiana?

Mr. KING. They are being converted into rice-fields, which are very unhealthy. If the population were to disappear from those lands they could be used for grazing to a large degree. But I do not think they are suitable for corn, nor do they seem to be adaptable for cotton. They yield very little in corn, and in cotton the yield is not safe at all, because the land is subject to insects.

Mr. MAYBURY. Do you know of any experiments that have been made in that direction?

Mr. KING. Yes; I have seen a good many experiments made in that direction.

Mr. KELLEY. Do you produce as much sugar in the State of Louisiana now as you produced thirty years ago?

Mr. KING. I think not. The industry has scarcely recovered from the ruin caused by the war.

Mr. KELLEY. Have you any idea of the difference in the production between now and thirty years ago?

Mr. KING. I have not; but gentlemen will be here to-day who will give exact figures in regard to that matter. I think that the production now is about two-thirds of what it was thirty years ago.

Mr. BRECKINRIDGE, of Kentucky. I suppose the overflows of the Mississippi River have had some effect in reducing production?

Mr. KING. They have had some effect, of course.

Mr. BRECKINRIDGE, of Kentucky. Some of the plantations are incapable of being used for sugar production which were formerly used for that purpose?

Mr. KING. Yes; a good many of them. The industrial portion of our population has exerted itself very much in the matter of the production of sugar, and has expended a great deal of money in the endeavor to increase the production of sugar from tropical cane. The latest improved machinery has been introduced, and many sugar-mills have been erected. So far, these experiments have not in all cases been very successful. The Government of the United States has within the last six years spent \$218,000 in diffusion experiments. The money has been expended principally in maple sugar experiments in Vermont and sorghum in Kansas, but not a dollar has been spent in the effort to increase the product of sugar by diffusion from tropical cane grown in the Southern States.

There are some very remarkable figures indicated in the history of the tariff on coffee, to which I would like to call the attention of the committee, in order to show that the reduction of duty is not often followed by a reduction of price to the consumer. In 1872 the abolition of the coffee tax went into operation in this country, and it was immediately followed by an enormous increase in the cost of that article to our people. Our importation of Brazilian coffee in 1871 under the tariff was 257,472,708 pounds, for which we paid \$24,339,488. In 1874, three years after the abolition of the duty on coffee, we im-

ported, duty free, only 196,358,671 pounds, for which we paid \$37,342,692, showing a falling off in our import of coffee amounting to 61,114,037 pounds, while the increase of cost amounted to \$13,003,204. In other words, we paid \$13,000,000 more for 196,000,000 pounds of Brazilian coffee in 1874, three years after we made it duty free, than we paid for 257,000,000 pounds in 1871 under the tariff.

Mr. BRECKINRIDGE, of Arkansas. How do you account for that?

Mr. KING. One line of information tends to the opinion that the Brazilians, on learning that we had taken the duty off coffee in this country, put the price of coffee up. They had a monopoly in its production. There is this danger in regard to sugar, that if you annihilate the sugar-producing interest in the States where tropical cane can be grown you will create monopolies abroad that will give you expensive sugar.

Mr. BRECKINRIDGE, of Arkansas. Why did not the Brazilians put up the price of coffee as well when we had a duty upon it as when the duty was taken off.

Mr. KING. They did not consider it, I suppose, good policy. The effect of the removal of the duty on coffee was that we paid more for our coffee after the duty was removed than we did before.

Mr. BRECKINRIDGE, of Arkansas. But I am inquiring your theory as to the cause of that.

Mr. KING. It was simply the same cause as operates upon every merchant who sells where he can sell the highest.

Mr. BRECKINRIDGE, of Arkansas. You give the fact, but you do not give the cause.

Mr. KING. I stated the fact simply to show that an abolition or reduction of duties did not generally tend to a reduction of the price to the consumers. We are here for the purpose of considering the effect of reduction—the cause is self-evident.

A reduction of the duties on sugar will reduce domestic production and create foreign monopolies, and increase the cost to the consumers.

The Brazilians put up the price of coffee because the abolition of our import duty enabled them to do so—precisely as they will put up the price of sugar if we reduce the tax as proposed; and this reminds me that the Brazilian Government is very anxious for us to have free sugar. If we take the tax off they will continue to collect their export tax on sugar, and put up the price the same as they did when we abolished the coffee tax. I suppose the Brazilians believed that the Americans could afford to continue paying this high price for coffee.

Mr. KELLEY. But that same thing was true as to every other nation in the world. The price of coffee went up, and these nations had not changed their tariff.

Mr. KING. Is that a fact?

Mr. KELLEY. Yes, it is.

Mr. BRECKINRIDGE, of Arkansas. Of course it is. The Brazilians could not sell their coffee in America any dearer than they sold it in Germany or France or England.

Mr. KING. The fact remains the same, that after the removal of the duty on coffee the cost of coffee in this country went up, and we paid many millions more for it in the course of a year than we had paid before the duty was removed.

Mr. KELLEY. But the price went up to all the world.

Mr. KING. It went up because we abolished the import tax, as I have shown. Other causes may have increased the price elsewhere—if indeed it was increased.

Mr. KELLEY. But all the other countries of the world had not changed their tariff?

Mr. KING. I only cite this as an instance where the abolition of a duty was not followed by any reduction in the cost of the article. You have rather an abnormal condition of affairs existing in the sugar-producing States of the country. The labor problem there has not yet been entirely solved. Vast amounts of money have been expended for machinery made in the United States. The sugar-growers are struggling under an abnormally low price of sugar, and if you reduce the price still further the sugar-growers of the South will be reduced to competition with the cooly and gang labor sugar of Cuba and Brazil. Half a million of people in the State of Louisiana alone are interested in the production of sugar, and the abolition of the duty on sugar would force them practically into a competition with slave labor. Knowing that you all, gentlemen, feel an interest in the welfare of all American citizens alike, I trust that, in your consideration of this question, you will take all these matters into view. I think you have done enough with the sugar tariff already to let it now remain where it is.

Mr. KELLEY. Would you apply the considerations which you have just addressed to us to the laborers who work in making clothing, shoes, and those necessities of life to which you refer?

Mr. KING. I have answered that question already.

Mr. KELLEY. Pardon me, it has not been put to you before.

Mr. KING. I say that if your committee is to apply the doctrine of protection in any instance (that doctrine which has existed in this Government a hundred years) you should apply it in such a way as to make no unjust discriminations, at least against one class of labor as compared with another.

Mr. KELLEY. I ask you again whether the laborers on things which you class as unnecessary articles, luxurious articles, have a right to the same consideration as the laborers engaged in the production of sugar?

Mr. KING. Just the same right.

Mr. KELLEY. I am glad to know that you think so, because the implication from what you said was the other way.

Mr. KING. I do not think so. I say that if you apply the principle of protection to one class of the population it should be applied to all classes.

Mr. KELLEY. You said in substance, and very definitely, that if wages were to be reduced the reduction should not be made upon an article of luxury like sugar, but upon necessary articles, such as shoes, &c.

Mr. KING. I did not say "wages." I did not use the word. I said the taxes.

Mr. KELLEY. Yes, taxes. Your argument was that to reduce taxes, as you call them (duties as we call them), would necessarily reduce wages.

Mr. KING. Yes, in this instance; but I believe it would not apply to the whole country.

Mr. KELLEY. Would it not apply in every one of the other instances?

Mr. KING. I do not believe it would.

Mr. KELLEY. You think it perfectly safe to the rights of laborers who are engaged in making clothing, shoes, and other such articles to reduce the duty on those articles?

Mr. KING. I did not specify anything of that kind; but I do believe (although I have not examined the matter very carefully) that the labor on woolen blankets would not be affected by a reasonable reduction of tax on that necessary article.

Mr. KELLEY. I am asking you generally. Where would you get your blankets from if you ceased to make them in this country?

Mr. KING. That would depend upon where merchants chose to buy them.

Mr. KELLEY. I suppose they would buy them where they could buy them cheapest.

Mr. KING. Yes.

Mr. KELLEY. And they would be likely to buy them cheapest where labor was lowest?

Mr. KING. Very probably; but we must have a revenue for the Government.

Mr. KELLEY. Do you not propose to reduce the wool-grower and the blanket-maker in this country to competition with the lowest wages in the world, and yet to keep up the price of sugar?

Mr. KING. I see what you are trying to do. You are trying to drive me into the position of acknowledging that I am for free-trade absolutely.

Mr. KELLEY. I am trying to find out what you are for.

Mr. KING. No, you are trying to do that; and that business appears absurd upon its face, because so long as there must be a revenue to support the expenses of this great Government we have to collect a tax, and that tax has to be collected by means of a tariff. So that we must necessarily give protection.

Mr. BROWNE. Incidental protection?

Mr. KING. Incidental or otherwise. You must necessarily have a tariff, and if you have a tariff in any instance I do not want you to discriminate in it against the agricultural interests.

Mr. KELLEY. But do you want to obtain protection to those agricultural interests by discriminating against the manufacture of shoes and clothing?

Mr. KING. I did not so express myself. I asked this committee distinctly not to discriminate against those who produce the article of sugar.

Mr. KELLEY. But to reduce the tariff on articles of necessity such as shoes, coats, clothing, &c.

Mr. KING. I am perfectly willing to stand upon that, and if you are to reduce taxes I should prefer to see them reduced on the necessities of life.

Mr. KELLEY. And not upon sugar, which is a pure luxury, as you say?

Mr. KING. Yes, sir; not upon champagne, sugar, diamonds, or anything else of that nature.

Mr. McKINLEY. Do you think that this principle of protection which, you say, has been in existence in this Government for ninety years, should be continued?

Mr. KING. You cannot avoid continuing it.

Mr. McKINLEY. Then it ought to be continued in a just manner.

Mr. KING. You must continue it because you have to collect a revenue for the Government, and the tariff is a method by which that revenue is collected.

Mr. McKINLEY. Do you not think that this bill is against that principle of the Government?

Mr. KING. Not at all. This bill is to reduce taxation. I only ask that the bill shall be so arranged as not to select people interested in the production of sugar for destruction.

Mr. McKINLEY. Or any other class?

Mr. KING. Or any other class.

STATEMENT OF MR. JOHN DYMOND.

Mr. JOHN DYMOND, representing the sugar planters of Louisiana, addressed the committee. He said:

Mr. Chairman and Gentlemen, I come here as chairman of the committee of sugar planters of Louisiana to make a statement to you concerning our sugar interest; and I beg leave now to submit it: Sugar is the chief production of the State of Louisiana; over one-half of its capital is employed therein, and over one-half of its people are engaged in it, and are supported by it. It employs one hundred million of capital, and is the almost exclusive support of over five hundred thousand people.

There is no State in the Union so dependent upon a single industry, and no State so well adapted to the special industry in which it is engaged.

The sugar industry of Louisiana was destroyed by the war, but its rapid development during the preceeding thirty years gave evidence of what its possibilities were. During the ten years, 1831 to 1841, the average production was 77,200 hogsheads; from 1841 to 1851, 192,327 hogsheads, and from 1851 to 1861, 297,462 hogsheads, showing an increase during these two decades of 149 and of 50 per cent. respectively.

The sugar crop increased fourfold in the time it took the population to double.

The industry began anew in 1865, and slowly rose from the wreck left by the war. With capital all gone, sugar-houses burned, buildings, levees, fences all destroyed, nothing left but the bare fields, its reorganization upon a free-labor basis was supremely difficult.

The revenue requirements of the country led to the placing of an average duty of 3 cents upon imported sugars which continued until 1870, and under its influence the production was as follows, viz: 1865, 18,070 hogsheads; 1865, 41,000 hogsheads; 1867, 37,647 hogsheads; 1868, 84,256 hogsheads; 1869, 87,090 hogsheads; 1870, 144,881 hogsheads, thus showing in five years an increase of 800 per cent.

In 1870, at the instance of various interests dissatisfied with the horizontal specific rates then in effect, the tariff was changed, and under the influence of the new tariff the duty collected on sugar, which had averaged 3.04 cents during several years, fell to an average of 2.16 cents from 1871 to 1875.

This reduction of about 1 cent per pound in the duty on imported sugars was more than our domestic sugars could bear, and during the years 1871, 1872, and 1873 two-thirds of the sugar-commission houses in New Orleans became bankrupt, and the valuation of plantation property fell one-half. The ownership of plantation property and commercial relations therewith injured commercial credit, and general financial ruin seemed imminent.

This was not because of any intrinsic difficulty in the production. We had the best machinery in use. We had good laborers and the most intelligent mechanics. We had the finest soil in the world and the varieties of sugar-cane that were acclimated and thrived therein.

But the competition of slave labor followed us, and when the duty on sugar fell below the figures necessary to cover the difference between the cost of free labor expended in our sugars and the cost of slave labor to produce the sugars of Cuba, for which our country was, and is, practically, the exclusive market, our industry was paralyzed.

The revenues of the Government being insufficient, the tariff on sugars was advanced 25 per cent. in 1876, and the average duty collected during the next seven years was 2.40, about covering the difference in the cost of our free labor as compared with the cost of the slave and semi-slave labor used in the industry elsewhere; and under the influence of this duty the production which you observe fell to 89,000 hogsheads, or about 50,000 tons, in 1873, rose to about 125,000 tons in 1882.

Then came the tariff commissions' bill, under which the average duty collected on sugar has fallen under 2 cents, having been $1\frac{97}{100}$ during the past year, and under the influence of this rate our industry has hesitated. The rate collected has not equaled our increased cost arising from the employment of free American labor, but it was thought to be a final settlement of a difficult question for a long term of years, and our planters accepted the situation and went to work with a hearty good-will, adopting every device to cheapen the production—agricultural and mechanical. The series of difficulties that surrounded our industry during the two decades, 1865 to 1885, have scarcely their parallel, and only the most heroic efforts, coupled with the quiet adoption of all new methods, enabled our planters to meet them. There are now certain sections of Louisiana making more and better sugar than they did before the war; in fact we may say that we have but begun in our industry.

Within twenty years the average yield of cane in our fields was more than doubled, as was also the mechanical yield obtained in our sugar-houses. Our sugars that sold at 15 cents in 1869 sold at $4\frac{1}{2}$ cents in 1884. We have held our own against all this and

have advanced our production to 125,000 tons. At home we have had the duty on sugar reduced below the difference in the cost of our labor, as compared with the cost of labor engaged in the industry elsewhere. We have to compete with German beet sugars that aside from their cheap labor received during the season of 1884-'85 a bounty of 1.17 cents per pound, and with French beet sugars that under their new law may now realize a bounty of 2½ cents per pound. There seems to have been in Europe during all recent years a disposition to legislate favorably toward their home production of sugar, and this has now enabled them to supply all Europe, and their sugars are now coming to us backed by their cheap labor and positive bounties. As against this we are threatened not only with a further reduced tariff, but are embarrassed by the free sugars grown by coolie labor in Hawaii, which are now absolutely driving our products out of our usual local markets, and embarrassed also by the proposed Mexican treaty that would quickly bring disaster to us on a far larger scale.

We desire especially to call your attention to this Hawaiian treaty, which has been in existence nearly ten years, and which we most earnestly desire to see terminated. At the time the treaty was made the islands produced but 7,500 tons of sugar, and this year they will turn out over 100,000 tons.

Our Government has lost twenty-three millions of revenue without any adequate compensation. The Pacific Slope cannot consume more than half of the Sandwich Island production, for which they are compelled to pay 1 to 2 cents more than similar sugars bring in the East and South, and the balance is now being sold in Kansas City, Saint Louis, Chicago, and New Orleans a trifle under duty-paid sugars, and still further depreciating our Louisiana sugars and those of the Eastern refineries. At the present time 5,000 tons of Hawaiian sugar are being delivered in New Orleans. This fact and the fear of adverse legislation have caused sugars to fall from ½ to ⅓ cent since the 1st day of January.

The adoption of the Mexican reciprocity treaty would be incomparably more disastrous to us still, as the vast fertile fields of Mexico and their unlimited supply of peon labor, the cheapest labor in price and the lowest in grade on this continent, would within a few years flood us with their practically slave-grown sugars.

The magnitude of the interstate trade arising from the Louisiana sugar industry is scarcely comprehended. The crop has ordinarily amounted in value to about \$25,000,000, and is practically expended in the productions of the other States, such as meats, grain, machinery, dry goods, furniture, agricultural implements, wares, coal, &c. From a trade point of view Louisiana is the most desirable customer of the other States of the Union. The grand total of the exports of home products, other than coin, to all the countries of Central and South America, including all the West Indies, but omitting Mexico, Cuba, and Brazil, scarcely exceed in value the same articles purchased by Louisiana, and including Mexico, Cuba, and Brazil have but about double the value. If by treaties, or by legislation injurious to the sugar industries of Louisiana, this country is enabled to compete with Europe in those South American countries, it simply means a further reduction in the wages of labor.

The value of the sugar industry has been so recognized by European economists that all legislation there has tended toward its encouragement, and the beet has thus been made to double the sugar yield within the past ten years. In 1853 the beet sugar crop of Europe was but 200,000 tons. In 1884 it was 2,500,000 tons, and this was the outcome of European legislation. There is no reason why the United States, under a similar fostering system, should not within a very few years produce from cane, sorghum, and beets all the sugar needed for her great and growing consumption. The Department of Agriculture has been giving much attention of late to the production of all kinds of sugar in this country, and its researches and experiments are of immense value; and it has during the last season obtained in Kansas over 200 pounds of masse cuite per ton from sorghum, and the Department reports a yield of over 200 pounds of dry sugar per ton of beets in California, and Louisiana can obtain the same results from the sugarcane, which is a better sugar-producing plant than the beet, and the efforts of the Department in Louisiana have already corrected many serious errors of manufacture and have developed the best methods.

India wheat seems now to threaten the supremacy of American wheat in the markets of the world, and American capital and American agriculturists must seek new lines of action. The vast areas of land in California, Oregon, and Washington Territory, so especially recommended by the Department of Agriculture as adapted to sugar beet production, and the fact that sorghum thrives well almost everywhere in the West, and is a marked success at the Rio Grande factory, and that in New Jersey, Louisiana, and Texas there is an almost unlimited quantity of fine sugar-producing lands yet unopened, gives to this country the easy capacity to supply its whole consumption, and legislation here can certainly do for the United States what it has done for the sugar beet in Europe.

Would it not be better to retain Louisiana as a great market for Western breadstuffs,

meats, and manufactures rather than to destroy her present industry and compel her to produce at home what she now buys from the North?

We have paid an average of over eighty millions per annum duty the last five years to foreign countries for sugar, and it would appear that we can, by proper legislation, keep this enormous sum at home.

The people of the United States have cheaper sugar than any other civilized country except Great Britain, and allowing for the duties it is sold more cheaply here than there. We are raising far better and cheaper sugars now than we did forty years ago under the low Robert J. Walker tariff. The sugar duty is an ideal one from the standpoint of protection or of revenue. From an *ad valorem* point of view the duty of 1.97 per pound collected in 1885 seems a high percentage, but the imports of 1885 were based upon abnormally low prices, sugars selling the world over below the cost of production, and hence the values of this exceptional and disastrous year are no fair basis for an *ad valorem* consideration of the subject.

The duty of 1.97 collected in 1885 was 73 per cent. *ad valorem*, but the 1.94 collected in 1884 was under 54 per cent., and the three previous years show the collected duty to have been at the same rate, and this rate has not been equal to the excess in the cost of our labor over that employed in the industry elsewhere.

And now, as in duty bound, the sugar-planters of Louisiana for themselves and their entire population dependent upon that industry, whose interests are identified with ours, do protest against any further reduction in the tariff and feel justified in asking for increased duties to cover the higher rates paid to our free American labor.

Mr. KELLEY. Do you recognize generally the theory, which you propound there substantially, that adequately defensive duties tend ultimately to the cheapening of products in this country?

Mr. DYMOND. Yes, sir.

Mr. KELLEY. Then you and I are of one faith?

Mr. DYMOND. Yes; and I believe we have been so for a good while.

Mr. BROWNE. Have you the statistics of the amount of the home product of sugar in 1885?

Mr. DYMOND. Yes.

Mr. BROWNE. Have you succeeded in producing as much sugar in the United States at any time since 1860 as you did in that year?

Mr. DYMOND. Not yet.

Mr. BROWNE. About how far below the product of 1860 are you now?

Mr. DYMOND. We are now producing a little over one-half as much as we produced in 1860 in Louisiana alone.

Mr. BROWNE. Take the United States generally.

Mr. DYMOND. There is a large development of the sorghum interest and the beet interest; but I would like to call your attention to one point, and that is that sugar which sold at 15 cents a pound in 1869 sold at 4½ cents a pound in 1884.

Mr. MILLS. Did I understand you to say, in reply to Mr. Kelley, that protective duties tend to make sugar cheaper in the United States?

Mr. DYMOND. As an individual I believe that protective duties will cheapen sugar.

Mr. MILLS. Do I not understand that you are now complaining of low prices and wanting high duties?

Mr. DYMOND. I say I am not asking for low prices, but I merely remark that that would be the outcome of the matter.

Mr. MILLS. Then what you want now is any duty that would cheapen sugar?

Mr. DYMOND. We are employing labor to which we have to pay more than is paid to the labor engaged in the same industry elsewhere, and yet we think that the sugar-growing industry is a fair industry for America.

Mr. MILLS. But low prices of sugar will not enable you to pay increased wages?

Mr. DYMOND. We simply mean that as an incident of the future.

Mr. MILLS. What is the main thing produced by higher duties if that is only an incident?

Mr. DYMOND. The main thing is that we should be protected against slave competition.

Mr. MILLS. You say that a high tariff makes the price of sugar come down?

Mr. DYMOND. I said that it made the price come down ultimately.

Mr. KELLEY. I asked Mr. Dymond as to general commodities, not as to sugar alone. He answered with reference to general commodities. He and I think that the general cheapening of everything going to make sugar would be a compensation for a partial fall in the price of sugar.

Mr. MILLS. You and I will not discuss the question. We have discussed it before.

Mr. KELLEY. And will again, I have no doubt.

Mr. HISCOCK (to Mr. Dymond). Do the sugar-planters and yourself recognize the fact

that the same protection should be given, we will say, to lumber in Maine and Michigan, and to iron ore, and that it is just as vicious to put them on the free-list or to reduce duties upon them as it would be to reduce the duty on sugar or put it on the free-list? In other words, on this general principle of protection, do you feel disposed to join in and make common cause with those other interests?

Mr. BRECKINRIDGE, of Kentucky. Is that what is called the "tickle me and I will tickle you" policy?

Mr. REED. That is what you call it.

Mr. HISCOCK. I want to know to what extent Louisiana is educated on this principle of protection—whether it is a protection upon all industries, lumber, coal, and everything else that is sold, or whether it is simply a protection of the sugar industry alone. I should like to hear from Louisiana on that question.

Mr. MCKINLEY. I think Mr. Dymond has made it very clear that he is for protection all along the line.

Mr. DYMOND. Unhappily the people of Louisiana who are identified with sugar do not cast all the votes that are cast in that State. But there is among the sugar-planters in Louisiana a large and growing section which believes in protection as a principle, and your humble servant is one of them.

Mr. BROWNE. If I understood you correctly, you say we consume about twenty-three hundred million pounds of sugar per year in the United States?

Mr. DYMOND. Yes.

Mr. BROWNE. And the United States produce of that about three hundred million pounds?

Mr. DYMOND. Yes.

Mr. BROWNE. And that two thousand million pounds is imported annually, on which we pay a duty in the neighborhood of 2 cents a pound?

Mr. DYMOND. Yes.

Mr. BROWNE. Therefore we derive a very large revenue from sugar, largely out of proportion to the quantity of sugar produced in the United States. Now, would it not be better, as sugar is generally consumed, to abolish the tariff on sugar altogether and give to you gentlemen who produce sugar in Louisiana a bounty, as is done perhaps in France and other portions of Europe?

Mr. DYMOND. I can only say in answer to that that the Government sent an expedition to the north pole, or as nearly as it could get there, headed by Lieutenant Greely. The men began to suffer, and in their suffering they concluded that they had to kill somebody in order to get something to eat. Now we do not want to be killed, owing to any such necessity as that. We believe that ours is a leading American industry, and that we are fairly entitled to live and should not be thrown overboard.

Mr. MCKINLEY. And you believe that sugar in this country has not reached its fullest development?

Mr. DYMOND. It has not reached its fullest development.

Mr. BROWNE. Do you think the area of the United States capable of producing sugars (because it requires certain conditions of soil as well as of climate), even with the fullest development, in quantity equal to the consumption?

Mr. DYMOND. I have probably given that topic as much attention as anybody else, and I assure you that there is no question whatever as to that. The State of Texas alone, so well represented by Mr. Mills, can produce in the Oyster Creek and Old Caney districts half the sugar consumed in the United States.

Mr. BROWNE. How, then, do you account for the fact that in all the years of the existence of that industry here it never reached more than 9 per cent. of the consumption?

Mr. DYMOND. Several things have occurred to prevent it—first, the war. Farragut entered the mouth of the Mississippi River on the 16th of April, 1862, I believe, and President Hayes ordered the troops out of that State fifteen years later to a day. So that there was fifteen years of war in New Orleans. That interfered with the development of sugar. Sugar sold in 1869 at 15 cents a pound, and it sold in 1884 at 4½ cents.

Mr. BROWNE. That was not altogether influenced by the tariff or the want of it, but by other conditions?

Mr. DYMOND. First was the war; then this enormous decline in prices, averaging over two-thirds in value; and that was brought about by the development of the beet-sugar industry in Europe, fostered there by government.

Mr. BROWNE. Still, you are producing sugar at 4½ and 5 cents a pound, and you are not making a reasonable profit on the product?

Mr. DYMOND. We are not.

Mr. BROWNE. And you still continue the production?

Mr. DYMOND. We still have some credit, and I suppose we will continue the production of sugar as long as we have credit.

Mr. BROWNE. Is it true that domestic beet sugar or sorghum sugar have entered into the market in any perceptible degree?

Mr. DYMOND. I believe that there are some six thousand tons of beet sugar produced, and about one thousand tons of sorghum sugar.

Mr. BROWNE. Can you tell me where the beet sugar and the sorghum sugar are produced?

Mr. DYMOND. Beet sugars are produced at Alvarado, Cal., and are distributed in California. Sorghum sugars are produced at Rio Grande, N. J., East Champlain, Ill., and Ottawa, Ill.

Mr. BROWNE. So as to be sold?

Mr. DYMOND. They have been all sold in the local markets of the vicinity; and it seems a fair statement to say that the beet industry is far in advance of what it was in Europe forty years ago, and that the sorghum industry to-day in the United States is on as good a footing as the beet industry was in Europe forty years ago; while to-day there is more beet sugar made than all the commercial cane sugar offered in the markets of the world.

Mr. BRECKINRIDGE, of Arkansas. You speak of the fostering done by European Governments to encourage the cultivation of beet sugar; in what countries do they pay bounty for the production of beet sugar?

Mr. DYMOND. The bounties on sugar are always indirectly paid. They come in this way: In Germany the Government taxes the yield of sugar from beets on the supposition of about 8 per cent. The fact is that the beets yield nearly 11 per cent. of sugar. Now, when this sugar is exported the Government returns to the manufacturer as much as it taxed him on the beets.

Mr. BRECKINRIDGE, of Arkansas. That is what we call a drawback.

Mr. DYMOND. Yes, sir; it is a drawback on the supposition that the yield of sugar is 8 per cent., while the yield is nearly 11 per cent. That made a bounty during the past year of 1.17 cents a pound. I have in my hand the Produce Market Review (an English statistical paper) which gives quotations from a French paper, *Le Sucre*. The paper is dated November 20, 1885, and it gives figures showing the yield of sugar from beets to be about what I say.

Mr. BRECKINRIDGE, of Arkansas. The German Government, you say, taxes beets upon the basis of a yield of 8 per cent. of sugar, and gives a drawback on a yield of 11 per cent.

Mr. DYMOND. Yes, sir: it thus returns to the sugar producer more money than it collects from him; and the difference during the year 1885 has been 1.17 cents a pound. That valuation, placed upon such sugars as are exported, elevates to a parity of values, all that is consumed at home, and the entire market is floated on that basis of 1.17 cents per pound of bounty.

Mr. BRECKINRIDGE, of Arkansas. Is that the only method employed?

Mr. DYMOND. It is the only method employed in Germany.

Mr. BRECKINRIDGE, of Arkansas. What other countries do the same thing?

Mr. DYMOND. Austria does the same thing. And now the French Government, under a new law, has established the legal sugar yield of beets at 6.25 per cent.

Mr. BRECKINRIDGE, of Arkansas. And the actual yield is what?

Mr. DYMOND. The actual yield is nearly 11 per cent. That will give the French sugar producers, from this time, a bounty of some $2\frac{1}{2}$ cents per pound, and therefore it is expected that there will be an immense increase of beet planting in France this spring.

Mr. BRECKINRIDGE, of Arkansas. How is it in Austria?

Mr. DYMOND. Austria taxes the capacity of its diffusing apparatus, and, by the skill of the manufacturers, they have learned to do much more with the diffusing apparatus than the Government taxes. When the rebate comes, it comes in the same way as in Germany, and the result is that the Government pays a small bounty. These fictions of the law are known to all the parties, but, rather than injure interests, they are continued. The Russian Government recently (its factories having immense amounts of sugar on hand) gave its people the right to export 150,000 or 200,000 tons of sugar up to the 1st of May of this year, under conditions of which we have not any definite statement, but which at once depressed the London sugar market. They are conditions which are supposed to enable the Russian manufacturers of sugar to compete with those of Germany.

Mr. BRECKINRIDGE, of Arkansas. Has the Russian Government heretofore been imposing an export duty?

Mr. DYMOND. No; I think not. There is no export duty on any of these sugars.

Mr. BRECKINRIDGE, of Kentucky. How do you find the free labor on your plantations now as compared with the slave labor that you had before the war? Is it as profitable?

Mr. DYMOND. I have gone into the sugar industry since the war, and am not personally familiar with the effect of slave labor before the war. But I have talked with those

who employed slave labor before the war, and they say that free labor is now doing as well. Of course, before the war the women and children all worked on the sugar plantations, which added immensely to the laboring work. Now they work only a portion of the time, and this is one of the reasons why the sugar plantations are producing less.

Mr. BRECKINRIDGE, of Kentucky. So far as labor which actually is used in the field is concerned, is it as profitable as it was before the war?

Mr. DYMOND. The word "profitable" does not seem to come in. The labor is as effective. A man will do as much work as he did before the war, but we do not see the profit. The labor costs more, and we do not see the profit.

Mr. BRECKINRIDGE, of Kentucky. Does the labor cost more now than it did before the war?

Mr. DYMOND. The average first-class laborer in Louisiana to-day will earn \$400 a year in my section of the State. The cost of that man before the war to the planter was not over \$100 a year. Therefore the planter is paying to-day four times the cost of the former slave labor.

Mr. BRECKINRIDGE, of Kentucky. Formerly, however, the planter had to support the laborer's wife and children?

Mr. DYMOND. Yes, sir; but they were all earners.

Mr. BRECKINRIDGE, of Kentucky. Then you say that the change from slave labor to free labor in your industry has increased the cost of labor four times?

Mr. DYMOND. Fully four times, as compared with the slave cost.

Mr. BRECKINRIDGE, of Kentucky. Has your free labor grown up since the war? Does it increase in profitableness or not?

Mr. DYMOND. It has rather less discipline. The wages of labor rather tends upward with no greater effectiveness.

Mr. KELLEY. In addition to the fact that the laborer's wife and grown children aided on a plantation, was there not a prospective market value for the children in addition? I believe you raised live stock there for sale?

Mr. DYMOND. I am one of those who went there since the war and I have not had this personal experience.

The CHAIRMAN. How does that affect the duties on sugar?

Mr. KELLEY. It affects the earnings of the man, and this is what we are talking about. The gentleman from Kentucky (Mr. Breckinridge) challenged the net earnings of the man when he had a wife and children to take care of, to which Mr. Dymond responded that the wife and children of a certain age were earners, and I asked whether there had not been another branch of industry looking to prospective profits in the production of live stock.

Mr. BRECKINRIDGE, of Kentucky. What I wanted to know was the effect in Louisiana as compared with the effect in my own State, because I know that the labor of Kentucky is much more profitable free than it was prior to the war.

Mr. DYMOND. Profitable to the employer of labor?

Mr. BRECKINRIDGE, of Kentucky. Yes, sir.

Mr. DYMOND. Well, in Louisiana it is four times as expensive.

Mr. BRECKINRIDGE, of Arkansas. What is the amount of this direct tax which the German Government gets from the beets, and what is the amount of the drawback?

Mr. DYMOND. I am told that the tax is just \$7 per ton on the beets, and the basis of the relation between the duty paid and the drawback is 8.80 and 10.79. The duty is appraised on the basis of a yield of 8.80 per cent., while 10.79 per cent. is the average yield.

Mr. BRECKINRIDGE, of Arkansas. On how many million tons of sugar? I wish to get at the aggregate amount of money received by the German Government. How much tax collected, and how much drawback paid?

Mr. DYMOND. I will figure it out.

Mr. HARRIS. Are you prepared to tell what proportion of the sugar that was consumed in the United States prior to the war was produced in Louisiana?

Mr. DYMOND. In 1851 the product of Louisiana was 50 per cent. of the total product of that year.

Mr. HARRIS. What is the percentage at present?

Mr. DYMOND. In 1882-'83 it was about 10 per cent. We had about 125,000 tons of sugar in Louisiana, and we are now consuming in this country about 1,200,000 tons of sugar annually.

Mr. HARRIS. State what, in your opinion, is the cause of the immense difference between the production of sugar in Louisiana anterior to the war and subsequently.

Mr. DYMOND. First, the increased cost of free labor as compared with the cost of slave labor and the continuance of competition in Louisiana with the slave labor of foreign countries; secondly, the great decline in the prices of sugar in the markets of the

world, brought about by the increased production of beet sugar in Europe as the result of legislation there.

Mr. HARRIS. Labor is one element. Now, what about machinery—hoes, plows, and everything that enters into the production of sugar?

Mr. DYMOND. The general prices of these articles have been all cheapening of late years, although they are not so low as they are in foreign countries; but they are lower, I believe, than they were before the war, though I am not sure about that.

Mr. KELLEY. Taking into consideration their effective power, I believe they will be found cheaper in all respects.

Mr. MCCALL (a member of the Louisiana delegation). I would like to answer Mr. Mills's question as to what interest sugar-planters would have in cheapening the price of sugar. I have thought over it, and I think I can answer it satisfactorily. The answer is, that protection to the sugar interest of Louisiana will enable us, and has enabled us in the past, to improve our methods. We are now making sugar 2 or 3 cents a pound cheaper than we did ten years ago. At that time we could not have stood prices which we are standing now. We could not have stood them at all. We have sold our refined and semi-refined sugar this year at from 5 to 6 cents for the best qualities, but we could not have stood those prices ten years ago. And, with adequate protection, I am satisfied that we will improve our methods. We will bring capital into the business, and capital will feel secure and safe as an investment in the cultivation of sugar.

Mr. BRECKINRIDGE, of Arkansas. What was the average price of those sugars between 1850 and 1860?

Mr. MCCALL. I believe that such sugars were a great deal higher than they are now. Some of the low-grade sugars were quite as cheap at different times.

Mr. BRECKINRIDGE, of Arkansas. Taking the average price of the sugar crop, was it higher or lower between 1850 and 1860 than it is now?

Mr. DYMOND. On plantations where they made low-grade sugars I suppose they were perhaps a trifle lower before the war; and on plantations where they made high-grade sugars they were higher before the war than they are now considerably, because very little of those high-grade sugars are made in Louisiana. The low-grade sugars are predominant.

Mr. DYMOND. I would say further in reply to the gentleman's inquiry that the intervention of these sugars from Havana has depressed our market fully half a cent or three-fourths of a cent per pound this season. That has been a very important factor of late in the general reduction of sugar values.

Mr. HARRIS. So you think that the present duty on sugar does not give the protection that is necessary for prosperity?

Mr. DYMOND. That is an abstract question. I would state that the present protection does not cover the difference between the cost of our labor and the cost of labor in other sugar-producing countries. It may be that our better methods and enterprise will enable us to hold our own. Certainly we are striving earnestly to do so.

Mr. HARRIS. All these things considered, can you produce a pound of sugar now as cheaply as before the war?

Mr. DYMOND. We do not believe that we can produce it with free labor as cheaply as with slave labor.

Mr. MILLS. Neither can you produce cotton as cheaply.

Mr. DYMOND. Neither can we produce cotton as cheaply.

Mr. HISCOCK. Taking into account the improvement in machinery?

Mr. DYMOND. That is aiding us, and is covering the enormous decline in values. That is what has enabled us to withstand the enormous decline.

STATEMENT OF MR. H. C. WARMOTH.

Mr. H. C. WARMOTH, ex-governor of the State of Louisiana, and a member of the delegation of sugar planters of Louisiana, next addressed the committee. He said:

Mr. Chairman and gentlemen of the committee: The average sucrose in the juice of Louisiana cane is about 14 per cent. By the average appliances used in the sugar-houses of Louisiana we get about 50 per cent. of that juice. With all the money that was spent before the war and since the war we have been able to bring up the average to only about 60 per cent. of the juice of the cane. In some sugar-houses, by the use of improved appliances, we have been able to bring up the average to 70 per cent.; but that is by a large investment in machinery and appliances.

Mr. HISCOCK. How much did you get before the war with slave labor?

Mr. WARMOTH. Less than 50 per cent. of the juice; the balance was thrown away. Now, by the constant care and attention given to this business by the planters of Lou-

isiana, they have been enabled to bring up this average to about 70 per cent. I do not mean that the average in the whole State is 70 per cent., but the average in the best sugar-houses.

Mr. McMILLIN. As illustrating the importance of cheap labor, would not the cheapening of machinery be of vast service by enabling the sugar-planters to use machinery?

Mr. WARMOTH. If you would give us machinery for nothing and give us labor for nothing we would be able to make sugar for nothing.

Mr. McMILLIN. But is it not a fact that the cheapening of your machinery would benefit you in the production of sugar?

Mr. WARMOTH. Precisely. If you give us our supplies for nothing we will have no difficulty in supplying sugar for nothing.

The CHAIRMAN. Perhaps you would do it for the fun of the thing.

Mr. WARMOTH. That is what we are doing now. There is not a man in Louisiana to-day who has made his expenses in sugar-planting at the present prices.

The CHAIRMAN. You are living in hopes?

Mr. WARMOTH. We are living in hopes and on our credit.

Mr. MILLS. Is the condition of the sugar-planter worse than that of the cotton-planter in Louisiana?

Mr. WARMOTH. There is not so much cotton grown there as there is sugar.

Mr. KELLEY. Would a fair expression of your hopes include the passage of a tariff bill like this?

Mr. WARMOTH. I think the passage of such a bill would weed us out.

Mr. KELLEY. Then it is not embraced in the expression of those hopes on which you are living in Louisiana?

Mr. WARMOTH. No, sir. But if you will allow me one sentence more. The average yield of sugar in the State of Louisiana is less than 100 pounds to the ton of cane. In that ton of cane there are 240 pounds of sugar. With our very best appliances resorted to (in which I, perhaps, have exceeded any of my neighbors) we are not able to produce more than half that quantity of sugar. By additional machinery, by employing the best mechanical talent that I can obtain, and by doing our work with the greatest care, I was able to bring up our yield in 1881 to 124 pounds of sugar to the ton. Next year it was 133 pounds; next year, 143 pounds; next year, 158 pounds, and in 1885, 163 pounds. And now, by the researches and experiments at Ottawa, Ill., we have discovered that 98 per cent. of all the sugar can be obtained by the appliances of diffusion. And there we stand, hoping that, with these increased appliances and by the assistance given to the experiment of diffusion, we may be able to obtain the maximum result, and be able to stand alone, and not come here every year to beg you for assistance.

Mr. HARRIS. You spoke of the sugar industry being carried on by the aid of capital. Is not the exorbitant rate of interest paid on that borrowed capital one of the considerable items in the expense?

Mr. WARMOTH. I believe it is so in all kinds of business.

Mr. HARRIS. Would it be legitimate for you to say what is the average interest paid on borrowed money in your business?

Mr. WARMOTH. I think about 6 or 7 per cent.

Mr. HARRIS. And you are a favored borrower?

Mr. WARMOTH. I do not have to borrow.

Mr. HARRIS. In Georgia, in the cotton business, we can not get money at a less rate of interest than 1 per cent. per month.

Mr. WARMOTH. We would be able to have money cheaper and our credit would be much better but that Congress has a habit of tinkering every year with the tariff.

The CHAIRMAN. The tinkering that you complain about was done in 1883.

Mr. WARMOTH. It has been done ever since Adam was a little boy.

The CHAIRMAN. Some of it was done at Long Branch.

Mr. DYMOND. I have completed what I desired to say, but I am ready to answer any questions which any member of the committee may ask.

Mr. KELLEY. For the sake of having it put upon the record I desire to ask you a question. You spoke of the possibility of the production of sugar increasing in Texas, and then a question was put as to why the increase there had been so rapid. I think you embraced a period of the war which you say extended to fifteen years in Louisiana and the same period I suppose in Texas. Somewhat prior to that, had not Texas been an independent Lone Star State, and previous to that a Mexican province, so that it had not been fairly within the scope of the efforts of the sugar-planters of the United States to develop results?

Mr. DYMOND. That is positively the case concerning Texas. The gentleman hardly dreams of the possibilities of those lands. The sugar lands of Texas, I am told by gentlemen who own them, are as fertile as those of Louisiana. There is there no danger of overflow, and the capacity of the sugar production of Texas is fully equal to the whole

consumption of the United States, especially in the two districts of Oyster Creek and Old Caney.

Mr. MILLS. What is the average production of sugar in Louisiana by the acre?

Mr. DYMOND. About 2,500 pounds of sugar to the acre.

Mr. BRECKINRIDGE, of Kentucky. Can the work in Texas be done by white labor?

Mr. DYMOND. We have ascertained by a positive experiment in Louisiana that it can be done by white labor there, and I have no doubt that it can also be done by white labor in Texas.

The CHAIRMAN. Have you seen in the bill which I introduced the provision relative to sugar?

Mr. DYMOND. Yes, sir.

The CHAIRMAN. There is a provision there about sugar imported from countries levying an export duty, and there is a statement from the Treasury Department that eight-tenths of the sugar imported into the United States comes from countries where an export duty is laid on sugar. What limitation would that have on the effect of this bill?

Mr. DYMOND. The effect of it on the working of the bill would be nothing more than the difference in the cost of freight from Cuba to Liverpool as compared with the cost of freight from Bremen or Hamburg to New York; and I don't think that difference would amount to more than five one-hundredths of a cent per pound. If the bill went into effect the Cuban sugars would go to England and the German sugars would all come here, crossing each other in midocean.

The CHAIRMAN. They would not import sugar here from cane countries?

Mr. DYMOND. They would not export it from cane countries; or, if they did, it would be because the export duty had been abolished. But it would not cost one-sixteenth of a cent per pound in transportation to adjust the matter without any change in the Spanish law.

The CHAIRMAN. You mean that they would evade the effect of that provision?

Mr. DYMOND. Yes; either by deflecting the sugar or taking the bounty off.

The CHAIRMAN. Of course, they could evade it by taking off the export duty, but then you would not come into competition with the cane sugars of those countries?

Mr. DYMOND. The beet sugar is the same. There is no chemical difference between the two.

The CHAIRMAN. But it is a fact that you would not come into competition with the cane sugars of those countries?

Mr. DYMOND. It is a fact without value. The disaster would be equally great.

STATEMENT OF MR. T. S. WILKINSON.

Mr. T. S. WILKINSON, of the delegation of sugar-planters from Louisiana, said:

Mr. Chairman and Gentlemen: The ground has been so fully covered by my colleagues that I only rise to make a correction in reference to the rates of interest paid on borrowed money in Louisiana. There are two classes of planters in Louisiana. One class goes into business with large means. That class may be able to get money at 6 or 7 per cent. interest; but the other class (like a class which the gentleman from Georgia, Mr. Harris, refers to) cannot do so well. When they are borrowers they have to ship their crops to the commission merchant. The commission merchant takes the risk upon those crops without collaterals, and if the crops are not made the loan is sacrificed. So this commission merchant has to take all these risks on the crop, and that class of planters in Louisiana has to pay at least 1 per cent. a month or more.

Mr. HARRIS. So that virtually the crop produced on borrowed money is entirely controlled from its incipency to its maturity by the merchant?

Mr. WILKINSON. Not all of it, but a great deal of it. There are two classes of borrowers, and this is only one of the modes. There is one way in which money might be got cheaply, and that is to have large central sugar factories established, and for the people of smaller means to make cane and supply these factories. These factories being conducted with great skill could extract all the contents of the cane, and could afford to pay living prices to the people who raise cane.

There were three or four such enterprises in contemplation by the people of New Orleans, but this tariff discussion stopped them. They will not do a thing in that direction if there is going to be any reduction of the duty on sugar. We are fighting along, holding our own, but are gradually making sugar at these constantly reducing prices. But we have not the means to go into these very large central factories, and cannot get the means of doing so, unless there be some stability about the tariff and about the relative prices of sugar in comparison with other goods. This proposed reduction would take ten millions off sugar. That is to say, all the lowering of prices will be

made in the things which we sell, but none in the things which we buy. We cannot go ahead with our industry. We cannot get money to put up houses so as to take advantage of the new system. We cannot get powerful mills to crush the cane and cannot get all the juice out of it. We cannot get diffusion apparatus. In fact we cannot take advantage of the progress of the mechanical arts unless we have some sort of stability about the tariff, and certainly we cannot do it if the prices of what we make go largely down and if the prices of what we buy remain the same.

Mr. MAYBURY (to Mr. Warmoth). In answer to a question you stated that the appliances for extracting the sugar from the cane had improved very much of late. State when that improvement was first stimulated.

Mr. WARMOTH. It has been a gradual thing. Ever since the industry began people have striven to do the best they can every year.

Mr. MAYBURY. Is it not a fact that since the reduction in the tariff, or perhaps since the adoption of treaties by which you were put in competition with other countries, the disposition to seek improved appliances has been stimulated? In other words, have you not been obliged to protect yourselves by seeking new appliances?

Mr. WARMOTH. I presume so, to a certain extent.

Mr. MAYBURY. And the result is obtained as you have stated?

Mr. WARMOTH. Yes.

Mr. MAYBURY. Whether the tariff is increased or diminished these results will remain?

Mr. WARMOTH. So far as we have gone. But we can go no further for the simple reason that we cannot get capital to invest in this enterprise, and it requires large capital. Mr. Wilkinson has explained very fully that those of our people in Louisiana who have capital, and who would be disposed to invest it in the construction of central factories in the reducing of plantations to small holdings, and in availing themselves of the most improved machinery, will not go into this enterprise when they think that a reduction of duty will wipe it out in one season.

Mr. MAYBURY. The results obtained will continue?

Mr. WARMOTH. But no further progress will be made. I know a gentleman in this room to-day who would buy \$20,000 worth of improved machinery and put it into a sugar-house if he had any belief that it was not going to be wiped out by unfriendly legislation.

STATEMENT OF MR. HENRY McCALL.

Mr. HENRY McCALL, another of the Louisiana delegation of sugar-planters, said:

Mr. Chairman and Gentleman: I desire to substantiate what Mr. Warmoth has said. We have spent hundreds of thousands of dollars in sugar-houses in Louisiana during the last ten years, and we have increased our production over 100 per cent. We were making but one and a half million pounds of sugar, and now we are making 3,000,000 pounds. We have divided our plantations under the tenant system into small farms occupied by white tenants, and they are now raising three-fifths of the sugar, while we are raising the other two-fifths ourselves. We have done that for the purpose of keeping control over our tenant system, and we are now ready to spend more money. We see the advantage of this improved machinery, and many of us are ready to spend money upon it. I have no doubt that \$5,000,000 would be spent in Louisiana next year if the people had any assurance that there was to be no further agitation of the tariff question. I believe that with adequate protection we would be able gradually to make sugar cheaper and be able to stand the reduction of price. It is not from a philanthropic point of view that we want to make cheap sugar, but we want to do it by improved methods, and thereby the consumer will reach the reward.

Mr. HEWITT. Do you have to borrow money for your business at 12 per cent.?

Mr. McCALL. No, sir.

Mr. HEWITT. Do you know any business that could stand by paying 12 per cent. interest upon the capital necessary to conduct it?

Mr. McCALL. No, sir; and that is the reason why we think that this tenant system is to be the salvation of Louisiana—I mean the dividing of large plantations among small holders, who will raise cane and deliver it to central sugar-houses. We can get capital to put in the sugar-houses, and the small tenants can make cane as easily as any other crop.

Mr. HARRIS. Are you prepared to state the relative proportions of the sugar produced on plantations where the planters own their own capital and the sugar produced on borrowed capital?

Mr. McCALL. I believe the proportions are about one-half throughout the State. In my county seven-eighths of the planters are raising sugar on their own capital.

Mr. HARRIS. What is the average throughout the State?

Mr. McCALL. I think about one-half. But I believe that those who are doing business on borrowed capital do not pay 12 per cent. interest. I believe that not more than half of them pay more than 8 or 10 per cent. The rate of interest has been lowering there for many years, just as the rates of commission have been lowering. We are selling sugar now in New Orleans at smaller charges than they are selling it in the city of New York. Commissions, brokerage, and everything of the kind are much lower.

Mr. HARRIS. Is it a well-ascertained fact that in regard to 70 per cent. of the cotton produced in the State of Louisiana the planters pay 1 per cent. a month for the use of money?

Mr. McCALL. Most of the cotton raised in Louisiana is not made in that way. It is generally made in small holdings. Plantations are leased out to negroes for so much cotton or so much money an acre, and the negroes generally get their advances of supplies from the country storekeepers.

Mr. HARRIS. I am afraid that under that system the money used in raising cotton costs as much as 25 per cent.

Mr. McCALL. The heaviest burden of it falls upon the colored people. They have to pay exorbitant rates for everything to the storekeeper, who generally makes 100 per cent. profit.

STATEMENT OF MR. GAY.

Mr. GAY, a representative from the State of Louisiana, said:

Mr. Chairman and gentlemen: I beg permission to advance one idea in the shape of a question. It is in regard to steel rails exported from England. If the English Government paid an export bounty of \$10 a ton on these steel rails, what would be the sentiment excited in the United States among all manufacturers of steel rails, and among the establishments having the capacity to make them? Now, the sugar interest of Louisiana and Texas (I speak for Louisiana) finds itself in competition with sugar brought into this country, which receives from the Government of the exporting country a pure bounty of from $1\frac{17}{100}$ of a cent to 2 cents. Now, I repeat what would be the sentiment in this country if the English Government were to give \$10, or \$5, or \$2 per ton bounty upon the steel rails exported here? In the sugar interest we are meeting that bounty. I think that in the tariff enactments in this country a provision should be made that any European country which will give a bounty for the exportation of sugar (bringing it in competition with the sugar product of this country) should have an extra duty levied upon that sugar equal to the bounty over and above the duties imposed by law upon all other sugars. If gentlemen would imagine that that would increase our revenue from sugar I would meet that objection with the suggestion that this sugar would not be brought here, and that therefore they would not increase the revenue on this country, because you can keep down the revenue by preventing the introduction of these sugars by means of a higher duty. And it seems to me that the sugar planters of Louisiana and Texas require that additional protection from the Government just as much as the manufacturers of steel rails would require if the English Government were to give a bounty on the exportation of steel rails.

Mr. HISCOCK. Then I suppose that, so far as you are concerned, you are for the protection of the other industries of the country?

Mr. GAY. I certainly am. I will go hand and hand with you for their protection.

The CHAIRMAN. He is a thick-and-thin protectionist.

Mr. GAY. I am not anxious that the revenues of the United States shall be increased beyond the necessities of the Government; but, so far as revenues are required, I shall be prepared to give incidental protection as much as possible to every interest in the country. Some gentleman made a remark here this morning about the introduction of timber, salt, and other things on the free-list. I wish to say here that if the sugar industry and the rice industry of Louisiana are stricken down we will have but one important interest left, and that is timber, which with us is a most important interest. If timber is put upon the free-list, and salt, in which we have got magnificent possibilities—

The CHAIRMAN. You have got an island of salt?

Mr. GAY. There is no telling the developments of it. There are now fifty cargoes of salt shipped by the day from that island, and its possibilities are unknown.

Mr. HISCOCK. The way with us to remedy the trouble is this: Gentlemen who think as you do should come over and vote on our side of the House, and then the gentlemen at this end of the table will be elevated up to the other end, and you will not be troubled with this thing any more.

Mr. GAY. Whether I stand on one side or the other, I am for the legitimate protection of every American industry.

Mr. HISCOCK. We want the men who think as you do to help us to organize the House so that the order at this table may be reversed.

Mr. BRECKINRIDGE, of Kentucky. The trouble about it is that by swallowing that Mr. Gay would have to swallow so many other things, and he could not stand it.

Mr. McMILLIN (to Mr. Gay). Have you not observed that it is a fact that in the North, irrespective of views on the tariff question, there is among most people a growing earnestness to put on the free-list not only sugar but even many of the productions of the North?

Mr. GAY. We hear intimations of that kind from time to time, but we are never able to realize that those interests which have been built up by protection, north of the Ohio River, would attempt to hurt the interests of the South.

Mr. MCKINLEY. They have always taken care of the South.

Mr. GAY. I know nothing to the contrary.

Mr. KELLEY. I will ask you a question (and I would like to put the same question to Mr. Dymond, Governor Warmoth, and Mr. McCall): Do you agree with Mr. King, the Representative from your State, that sugar is as much of a luxury as diamonds and silks, and ought to have high duties upon it, because it is not a matter of necessity to anybody, being a mere luxury?

Mr. GAY. I believe that the immense increase in the production of sugar, and the extremely low prices to which it has tended, has made it now a common article of food, which contributes to the happiness and wants of the whole human family. I believe that, as great nations have existed without the use of sugar, it is not a necessity because it is a modern invention. But, at the same time, it has not become such a necessity as that anybody cannot dispense with it at pleasure.

Mr. KELLEY. Would you not probably find difficulty in the household if your wife and children could not get sugar?

Mr. GAY. Probably so.

Mr. HISCOCK. In reference to Mr. McMillin's remark as to a growing sentiment in the North in favor of putting sugar on the free-list, such a sentiment (if it exists) has been simply created and educated because the gentlemen who are in favor of it went back upon the South, and are prepared to strike at everything else that we have in the North.

Mr. McMILLIN. The reason why I asked the question is this: I recollect that in the Forty-seventh Congress one of the men who stood most strenuously with the gentleman from New York and the gentleman from Pennsylvania [Hiscock and Kelley] went to Iowa and made a speech in favor of the free breakfast table, and we heard of that speech all over the North.

Mr. MCKINLEY. Mr. Kasson voted in favor of the duty on sugar.

Mr. McMILLIN. But he made a speech in favor of a free breakfast table.

Mr. MCKINLEY. But sugar is not a necessity, according to Mr. King.

Mr. McMILLIN. Mr. Kelley says it is.

Mr. MCKINLEY. But Mr. King said it is not.

Mr. KELLEY. Who ever regarded Mr. Kasson as a consistent protectionist?

Mr. McMILLIN. He was always with you.

Mr. KELLEY. He was not with me in 1883. He never was with me.

Mr. GAY. With reference to Mr. King, I think that gentlemen here know that he does not represent the sugar interest of Louisiana. He does not represent that portion of the State, but I will say that if we are to have a fair treatment in the modifications of the tariff in the matter of sugar, Mr. King himself, out of respect to the other sugar delegates, will vote to-day for the protection of other interests and will go further in that direction than he would have done previously.

Mr. MCKINLEY. You think he is improving?

Mr. KELLEY (to Mr. Dymond). Does the opinion prevail to any extent in Louisiana that sugar is a luxury like diamonds or silks, on which heavy duties should be imposed in order to relieve the necessities of life from the protective influence of tariff duties?

Mr. DYMOND. That impression certainly does not prevail.

Mr. KELLEY. I will ask the same question of Governor Warmoth.

Mr. WARMOTH. I never heard such an idea advanced in Louisiana.

STATEMENT OF MR. J. HALE SYPHER.

Mr. J. HALE SYPHER, of Louisiana, said:

Gentlemen: I am not a member of the delegation of gentlemen present from Louisiana, and I am not here in the capacity of a planter or as an attorney to advocate any local or sectional interest. It is a labor of love that brings me here, and the views which I shall submit are such as I believe should obtain in framing a public policy for the benefit of the whole country.

I once had the misfortune to be a member of Congress, and also a sugar planter. I think that I know and can appreciate the position and duties of both. As occupations

both are honorable but as investments my experience teaches me that both are unprofitable. It is the special function of the Committee on Ways and Means to discover and develop the sources of national wealth; to open and improve the channels leading from these sources of wealth into the national Treasury; to keep such channels unobstructed, and to regulate their flow so that it may be permanent and equable; to be vigilant and prompt to arrest any waste or diversion of the substance of the people, and to husband the resources of the country. Holding these to be among the special functions of this committee I desire to invite your attention to two vast streams of wealth which are diverted from our national Treasury and from our country, and which carry their profits into foreign countries to enhance the wealth and prosperity of foreign citizens.

One of these streams of wealth has its source in every branch of American industry, and bears from our shores annually \$150,000,000 on account of our ocean carrying trade. The other of these streams draws upon the resources of all our countrymen, and carries beyond our borders the vast sum of \$100,000,000 annually for sugar. These two great streams drain from our national resources every year the enormous sum of \$250,000,000. Can our statesmen devise no measures by which this great wealth may be retained in our own country for the benefit of our own people? It seems to me that this matter is worthy of your highest consideration.

It is of sugar that I desire to speak particularly. An article of prime necessity, consumed by all classes, at the rate of nearly 50 pounds per capita. The consumption of sugar in the United States is about 2,700,000,000 pounds. The statisticians inform us that the standard of intelligence of any people may be measured by the quantity of sugar they consume. It is fortunate for our reputation that the standard of intelligence is not rated in proportion to the quantity of sugar produced.

We are able to produce on American soil, with American labor and American capital, more than enough sugar to supply the American people. Is it not wise to do so? Shall a nation of 60,000,000 people, with ample resources to supply themselves, continue to be dependent upon foreign countries for an indispensable article of food? Look at the consequences of such a policy. Producing, as we now do, less than a twelfth of the sugar we require for home consumption, can you predict what would be the price of sugar in this country in the event of war with a foreign power? In the present humiliating condition of our Navy and coast defenses every one of our harbors would be blockaded. Under such circumstances to what price would sugar advance in this country? History may afford an example from which an intelligent answer may be drawn. During the Napoleonic wars, when nearly half the civilized world was in arms against France, and with her ports blockaded and her foreign trade cut off sugars advanced to the exorbitant price of \$1.25 per pound.

Napoleon was equal to the emergency, notwithstanding the integrity of his empire was menaced by the armies of the allied powers. He addressed himself to the economic question, and declared that "France will make sugar for herself"; and suiting his actions to his words, he at once inaugurated a policy which in a few years developed the beet-sugar industry to an extent which not only gave to the French people an abundant supply of cheap sugar for home consumption but a large surplus for export.

Imagine with what satisfaction the French people read the following extract from the columns of one of their leading periodicals (*Journal des Fabricants, de Sucre*, January 4, 1866):

"One of the most remarkable and interesting facts of the past year is the export of considerable quantities of beet sugars from France to England, a country that not many years ago tried to stifle the beet-sugar industry in its cradle."

What was the policy which enabled France in less than half a century to verify the defiant utterance of her great Emperor that "France will make sugar for herself"? A prize of 1,000,000 francs was offered for the discovery of a practical source of supply of indigenous sugars.

The ablest chemists took this matter under consideration, and reported that the sugar beet would furnish the requisite supply of domestic sweets for the consumption of the French people.

Having determined the source of the supply, the next step was to develop it; this involved the cultivation of the beets, the extraction of the saccharine matter, and the manufacture of the sugar. To encourage and stimulate these different branches of the industry, a premium of 100,000 francs was offered for the largest yield per acre of beets, and an equal amount for the greatest yield of sugar per ton of beets. It was under these favorable conditions of encouragement that the beet-sugar industry had its beginning in France. And to further encourage and foster this "infant industry," adequate protection was given it by establishing a uniform system of duties on all foreign sugar imported into the empire. A part of this system is as follows: From 1816 to 1833 beet sugars were protected by a duty on foreign sugars, varying from 5 to 8 cents per pound. From 1833 to 1840 the duty was from $2\frac{1}{4}$ to $5\frac{3}{4}$ cents per pound. From 1840 to 1860 the duty was from 1 to $3\frac{1}{2}$ cents per pound. It will be observed that as the industry de-

veloped and became self-sustaining the duties diminished. Since 1840 the product of sugar in France has doubled every ten years. The result of this protective policy of forty-four years is clearly and forcibly evidenced in the fact that in 1820 the entire product of domestic sugars in France was less than 3,000 tons whereas in 1870 it exceeded 300,000 tons, and the price to the consumers had fallen from 50 to 5 cents per pound.

But this wise and vigorous policy of protection, which produced such marvelous results in developing the great sugar industry of France and made her people independent of the world for this indispensable article of food, contributed in many other respects to the prosperity and greatness of the French people. In referring to her beet culture, an eminent authority says that in 1835 land cultivated in beets was worth in the arrondissement of Cambrai \$120 per acre; in 1875 the same land was worth \$325 per acre.

Another eminent authority says: "Everywhere the beet is cultivated in France land advances in value, and the wages of workmen take the same direction."

In 1853, when the Emperor and Empress came to the Valenciennes, a triumphal arch was erected with the following inscription:

SUGAR MANUFACTURE.

Napoleon I who created it.

Before the manufacture of beet sugar the arrondissement of Valenciennes produced 695,750 bushels of wheat and fattened 700 oxen.

Napoleon III who protected it.

Since the manufacture of beet sugar was introduced the arrondissement of Valenciennes produced 1,157,750 bushels of wheat and fattens 11,500 oxen.

Louis Napoleon, the late Emperor, said: "Wherever the beet is cultivated the value of land is enhanced, the wages of workmen are increased, and the general prosperity is promoted." The historian Thiers called it "The Providence of the empire."

Learning wisdom from France, other European countries adopted with alacrity a similar economic policy, and in a comparatively short period supplied themselves with domestic sugar, and in some instances had a large surplus for export.

Of such countries are Germany, Belgium, Denmark, Italy, Norway, Sweden, Switzerland, Portugal, Holland, Austria, and Russia. I submit tables herewith (marked A) showing the rates of duty on sugar in these countries. It is a singular fact that while every one of these countries produces a sufficient supply of domestic sugars for home consumption, the United States, having more and better advantages and facilities, are dependent upon foreign countries for eleven-twelfths of our sugar supply, and for which we pay annually, out of the profits of other industries, nearly \$100,000,000. It will not be denied that we are more able to produce an abundant supply of sugar for ourselves than any one of these countries named, as our soil and climate are adapted to the cultivation of cane, sugar-beets, and sorghum. Wise legislation affording adequate protection, giving encouragement and security to capital and labor, will in a short space of time make us as independent as any country in the world for this article of food, a prime necessity to all our people.

We are now consuming large quantities of German sugar, and the importations from that country are increasing rapidly every year; therefore I desire to invite the attention of this committee to the policy of Germany with reference to its sugar industry, which it has developed in a comparatively short time, so that the annual product of German is now nearly double that of Cuba, giving an ample supply to the 45,000,000 people of the German Empire and leaving a large surplus for export.

I submit herewith an official statement marked B, from the Department of Agriculture, containing comparative tables of the product of beet and cane sugars of the leading sugar-producing countries.

You are no doubt aware that the importations of sugar from Germany last year were almost equal to our entire domestic product. We received from that country last year 232,000,000 pounds, and paid for the same in cash over \$5,000,000.

The following memorandum furnished me by the Bureau of Statistics, Treasury Department, shows the enormous increase of German sugars imported into this country during the last five years:

Memorandum.—Sugar (not above No. 13) imported from Germany.

Year ended June 30—	Pounds.	Value.
1881	633,097	\$22,122
1882	10,334,008	466,480
1883	16,288,489	758,588
1884	73,261,008	2,568,439
1885	232,411,095	5,218,396

It will be observed from this table that in 1881 we received from Germany only 633,000 pounds, for which we paid only \$22,000; whereas in 1885 we received 232,000,000 pounds at a cost of over \$5,000,000. At this rate of increase it will require only a few years until Germany will supply us altogether with *protection-grown* and *bounty-paid* sugars.

In view of the policy of Germany in excluding our hog products, in which the constituents of my friend the honorable chairman of this committee are especially interested, I suggest that it might be wise, and it would at least comport with our spirit of independence, to retaliate by saying to the "Iron Prince," we will take none of your German sweetening in "*our'n*." Such a policy of retaliation would only be fair and just to our own producers.

The most superficial examination of the German policy and system of tariffs will enable any intelligent man to discover why that country is able to produce over a million tons of sugar annually, a crop greater than that of Cuba and nearly the entire consumption of the United States. The German tariff system is exceedingly simple. There are only two classifications of sugar, and only two rates of duty, as follows:

On all foreign sugars below 19 D. S., 24 marks per 100 kilograms, equal to 0.026, or $2\frac{3}{4}$ cents per pound.

On all foreign sugars above 19 D. S., 30 marks per 100 kilograms, equal to 0.032, or $3\frac{1}{2}$ cents per pound.

Or an average duty, on the two grades, of about 3 cents per pound. Now, in addition to this very positive measure of protection to the German sugar-producers, under their system of bounties and drawbacks, a rebate of about seven dollars (\$6.90 $\frac{3}{4}$) per ton is paid on every ton of sugar exported. (See Exhibit C, hereunto attached, furnished me by the State Department.) I also invite attention to Exhibit D, furnished by the State Department, which shows that the aggregate amount paid by the German Government during the last five years as drawbacks on exported sugars is over \$70,000,000.

If our Government will do one-tenth as much for our poor sugar-planters of Louisiana, I know they will show their gratitude by their immediate consumption of a considerable quantity of the "corn juice" made in the district represented by your honorable chairman.

Is it surprising that under such a munificent system of protection Germany should in a few years become the leading sugar-producing and sugar-exporting country of Europe? Under a similar protective policy the United States would in twenty-five years produce domestic sugar sufficient for home consumption, with a surplus for export which would swell the credit side of our international balance-sheet, almost equaling the exportation of wheat and cotton. And while you are doing this you will add at least one-third increase to the wheat production, just as France has done in all the districts where the beet is cultivated.

But since it is often recklessly asserted, and stoutly maintained by many honest men, that the sugar industry of our country has always been a favored industry, and has received ample and adequate protection in the past, and that notwithstanding such protection our sugar planters are still clamorous for further "aid and support," I will review briefly the tariff policy of this country with respect to sugar, since the enactment of the first law, in order that a contrast may be drawn between foreign governments whose tariff laws have given encouragement and security to labor and capital, and the vacillating and capricious policy of our own Government, the effect and result of whose has been to entice and inveigle capital and labor into enterprises, only to be overtaken by ruin and disaster in a hopeless struggle with cheap capital and servile labor and the *protected* products of foreign countries.

Tariff on sugar from 1789 to the present time.

Date of acts.	Articles.	Tariff in cents per pound.
1789-'91.....	On raw and clayed sugar.....	1
	On refined sugar.....	3
1791-'97.....	On raw and clayed sugar.....	$1\frac{1}{2}$
	On refined sugar.....	5
1797-1800.....	On raw and clayed sugar.....	2
	On refined sugar.....	9
1804-'08.....	On brown and clayed sugar.....	$2\frac{1}{2}$
	On refined sugar.....	9
1812-'16.....	On raw and clayed sugar.....	5
	On refined sugar.....	18
1819-'30.....	On raw and clayed sugar.....	3
	On refined sugar.....	12
1832-'41.....	On raw and clayed sugar.....	$2\frac{1}{2}$
	On refined sugar.....	12
1842-'46.....	On raw and clayed sugar.....	$2\frac{1}{2}$
	On refined sugar.....	6

Tariff on sugar from 1789 to the present time—Continued.

Date of acts.	Articles.	Tariff in cents per pound.
1846-'57.....	On all classes of raw and refined sugars.....	*
1857-'61.....	On all classes of raw and refined sugars.....	†
March, 1861	On raw sugar not above No. 12 D. S.....	$\frac{3}{4}$
	On refined sugar.....	2
August, 1861	On raw sugar not above No. 12 D. S.....	2
	On raw sugar above No. 12 D. S.....	$2\frac{1}{2}$
	On refined sugar	4
December, 1861 ...	On raw sugar not above No. 12.....	2
	On raw sugar above No. 12.....	3
	On refined sugar.....	6 to 8
1862-'70.....	On raw sugar not above No. 12.....	3
	On raw sugar above No. 12 and not above No. 15	$3\frac{1}{2}$
	On raw sugar above No. 15.....	4
	On refined sugar.....	5
July, 1870.....	On raw sugar not above No. 7.....	$1\frac{3}{4}$
	On raw sugar above No. 7 and not above No. 10.....	2
	On raw sugar above No. 10 and not above No. 13.....	$2\frac{1}{4}$
	On raw sugar above No. 13 and not above No. 15.....	$2\frac{3}{4}$
	On raw sugar above No. 15 and not above No. 20.....	$3\frac{1}{4}$
	On raw sugar above No. 20.....	4
	On refined sugar.....	4
March, 1875.....	On sugars not above No. 7 D. S., $1\frac{1}{4}$ cents, plus 25 per cent.....	2. 18
	On sugars above No. 7 and not above No. 10, 2 cents, plus 25 per cent.....	2. 50
	On sugars above No. 10 and not above No. 13, $2\frac{1}{4}$ cents, plus 25 per cent.....	2. 81
	On sugars above No. 13 and not above No. 16, $2\frac{3}{4}$ cents, plus 25 per cent.....	3. 43
	On sugars above No. 16 and not above No. 20, $3\frac{1}{4}$ cents, plus 25 per cent.....	4. 06
	On sugars above No. 20, 4 cents, plus 25 per cent	5. 00
	On refined sugars, 4 cents, plus 25 per cent	5. 00

* 30 per cent. ad valorem.

† 24 per cent. ad valorem.

The effect of the act of 1883 was a reduction of the 25 per cent. increase made by the act of 1875. The polariscope-test prevented the importation of high-grade sugars of low color, and to that extent was a benefit.

In analyzing the foregoing acts and calculating their effect upon the sugar industry of this country you should bear in mind that 90 per cent. of all sugars imported under these various acts have been low-grade sugars, not above No. 12 D. S., and the protection which is always thrown into our teeth has been upon the 10 per cent. of high grades, while the 90 per cent. low grades have had no protection.

Now, with this fact stated and admitted, will any free-trade or revenue-reform advocate point out what degree of protection has been afforded the sugar industry of this country by any of the foregoing acts? If you will except the acts of 1812 and 1816, which imposed a duty of 5 cents per pound on raw sugars, and the act of 1862, under which a duty of 3 cents per pound was laid on raw sugars not above No. 12 D. S., there is not a single act from 1789 to the present time which has afforded any protection whatever to the sugar industry, all assertions to the contrary notwithstanding. All and every act on the statute-books except the two named have been purely and simply revenue acts.

It is a fact apparent to every intelligent citizen who is capable of analyzing the tariff legislation of our country and of comprehending its effect upon the sugar industry, that in its protective feature it has been a failure, a humbug, and a fraud—a snare and a cheat to both labor and capital. Gentlemen, we ask you not to extend or perpetuate this delusive and capricious system. Give us *square and honest* protection, or out and out free trade. Let us know our fate on this question, and we will meet it like men.

The sugar industry of this country is eminently national in its character, not only because it is an article of universal consumption, but because it has its ramifications in every other industry in every State in the Union. There is no gentleman on this committee who can name an article produced by his constituents, from Maine to California, which does not enter into the production of the sugar crop of this country. The sugar-planter consumes everything your constituents can make, and he pays in cash, or gives you in exchange the purest sweets produced in the world.

The trade between Louisiana and the other States of the Union is not less than \$50,000,000 annually and it may be developed to \$300,000,000 if all the available sugar lands are brought into cultivation.

The sugar industry is not local; it is national, and deserves the highest consideration at the hands of this committee.

EXHIBIT A.

Rates of duty on sugar in different countries.

Countries and classification.	Unit for assessment.	Tariff rates of duty.	Equivalent in dollars per pound.
AUSTRIA.			
Unrefined, below 19 D. S.....	100 kilos.....	15 florins.....	\$0.0252
Refined, above 19 D. S..... (Excise duty included in duty.)	do.....	20 florins.....	0.0336
BELGIUM.			
Import duty:			
Raw, all kinds.....		Free.	
Refined, above 18 D. S.....	100 kilos.....	54 fr. 13 cts.....	0.0447
Excise duty on raw:			
From 15 to 18 inclusive.....	do.....	48 fr. 7 cts.....	0.042
From 10 to 15 inclusive.....	do.....	45 fr.....	0.039
From 7 to 10 inclusive.....	do.....	40 fr. 91 cts.....	0.035
Below No. 7.....	do.....	34 fr. 26 cts.....	0.0299
DENMARK.			
Raw from 15 to 18 D. S. (except muscovado).....	Pund.....	7 $\frac{2}{3}$ öre.....	} 0.024
Additional duty.....	do.....	2 $\frac{1}{3}$ öre.....	
From 10 to 14 and muscovado from 15 to 18.....	do.....	7 $\frac{1}{2}$ öre.....	} 0.022
Additional duty.....	do.....	2 $\frac{1}{2}$ öre.....	
Below No. 10 and muscovado below No. 15.....	do.....	6 $\frac{1}{2}$ öre.....	} 0.019
Additional duty.....	do.....	1 $\frac{7}{8}$ öre.....	
DENMARK.			
Refined candy, lump or powdered, above 19 D. S.	Pund.....	10 $\frac{1}{16}$ öre.....	} 0.033
Additional duty.....	do.....	2 $\frac{1}{2}$	
GERMANY.			
Below 19 D. S.....	100 kilos.....	24 marks.....	0.026
Above 19 D. S.	do.....	30 marks.....	0.032
HOLLAND.			
Raw (excise duty):			
No. 15 to 20.....	100 kilos.....	25 fr. 38 cts.....	0.046
No. 10 to 14.....	do.....	23 fr. 76 cts.....	0.043
No. 7 to 9.....	do.....	21 fr. 60 cts.....	0.039
Below No. 7.....	do.....	18 fr. 09 cts.....	0.033
Refined (excise duty):			
Candy, first-class.....	do.....	31 fr. 86 cts.....	0.058
Candy, second-class.....	do.....	28 fr. 89 cts.....	0.053
Melis, lump and loaf.....	do.....	27 fr.....	0.049
ITALY.			
Raw (below No. 20).....	100 kilos.....	53 lire.....	0.0464
Refined.....	do.....	66 lire 25 cts.....	0.058
NORWAY.			
Raw (below No. 20)	Kilos.....	36 öre.....	0.044
Refined.....	do.....	44 öre.....	0.053
PORTUGAL.			
Raw (?).....	Kilos.....	98.10 reis.....	0.048
Refined.....	do.....	136.25 reis.....	0.067
RUSSIA.			
Raw (?).....	Pood.....	2 ru. 20 cop.....	0.037
Refined.....	do.....	3 30.....	0.055
Sugar imported by Black Sea ports (law of July 1-13, 1885)	do.....	3 30.....	0.055
SPAIN.			
Sugar of all kinds:			
Import duty.....	100 kilos.....	32 pes. 25 cts.....	0.028
Transitory duty.....	do.....	13 pes. 50 cts.....	0.012

EXHIBIT A.—Continued.

Rates of duty on sugar in different countries.

Countries and classification.	Unit for assessment.	Tariff rates of duty.	Equivalent in dollars per pound.
SWEDEN.			
Raw below No. 18.....	Kilos.....	23½ öre.....	\$0.028
Refined.....	do.....	33 öre.....	0.04
SWITZERLAND.			
All kinds.....	100 kilos.....	7 francs.....	0.0061
FRANCE.			
<i>Conventional tariff, 1880.</i>			
Raw, of which assumed return when refined is 98 per cent. or less:			
Beet root.....	100 kilos. of refined.	40 fr. and 2 fr. per 100 kilos. surtax.	0.0365
Cane.....	do.....	40 francs and 4 fr. surtax.	0.0376
Refined, other than candied.....	do.....	48 francs.....	0.046
<i>General tariff, 1884.</i>			
Raw and refined.....	100 kilos. refined....	50 francs.....	0.0438
Candied.....	do.....	53.50	0.0468
When sugars are imported from European countries a surtax of 7 francs per 100 kilos. net is imposed under the general tariff, making the duties:			
Raw and refined.....	do.....		0.0499
Candied.....	do.....		0.0529

Imports of sugar from European countries.

[Includes only raw sugars not above No. 13 D.S.*]

	1875.	1880.	1882.	1885.*
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
Belgium.....	5,212,768	1,504,350	437,848	37,158,233
Denmark.....				977,456
France.....	9,333,274			1,272,102
Germany.....	5,258,199	751,657	10,334,008	232,411,095
Great Britain.....	25,568,358	23,380,261	5,085,767	10,314,301
Netherlands.....	65,527	62,821	346,476	1,858,600

EXHIBIT B.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., March 2, 1886.

SIR: In answer to the inquiries relative to European sugar, I would say:

1. Bounties were originally given by European countries for the production of beet ugar. Now the beets are taxed, and drawbacks allowed for sugar exported, which are equivalent to bounties.

In Germany the tax on beets is 1.7 marks per 100 kilograms. The drawback on raw sugar, 88 per cent. polarization, is 9.4 marks per hundred-weight of 30 kilograms; on candied or loaf sugar, 11.5 marks per hundred-weight; on other sugar, 98 per cent. polarization, 10.8 marks per hundred-weight. As the yield of sugar is one-tenth the weight of the beets, it is seen that there is a substantial bounty on sugar exported.

In France the tax on beets paid by the manufacturer is 50 francs for 1,667 kilograms, which it is assumed will make 100 kilograms of sugar. The duty on colonial sugar imported

is at the same rate. On foreign sugar it is 57 francs per 100 kilograms, a sur-tax of 7 francs, for which there is no rebate on exportation. The tax is on the basis of 6 per cent. yield of sugar; and all excess of yield may be sold duty free. As the manufacturer easily gets on sugar 8 per cent. of the weight of the beets, and has a rebate on all, if exported, a substantial bounty is really obtained on the production of all domestic sugar exported. It also acts as a bounty on the increase of percentage of sugar yield.

Russia, it is understood, has even a more liberal allowance as drawback on sugar exported.

2. The imports of sugar from France was very small, from Germany considerable, and in the last fiscal year as follows :

Countries.	Pounds.	Value.
France.....	1, 274, 117	\$29, 635
Germany	232, 416, 722	5, 218, 655

The cost of the German beet sugar was, therefore, less than 2½ cents per pound.

3. In the production of sugar the beet is now the principal factor, and Europe, which has developed the industry within the present century, surpasses all cane-growing countries. Germany has for four years made more sugar than Cuba, and Russia only falls a little below the Cuban yield.

The estimates of the highest authority, those of Mr. F. O. Licht, compare the beet and cane products as follows:

Estimated production of beet crops [in tons of 1,000 kilograms].

Countries.	1885-'86.	1884-'85.	1883-'84.	1882-'83.	1881-'82.
German Empire.....	825, 000	1, 154, 817	986, 403	848, 124	644, 775
France	290, 000	308, 410	493, 676	423, 194	393, 269
Austro-Hungary.....	342, 500	557, 766	445, 952	473, 001	411, 015
Russia and Poland.....	525, 000	363, 433	310, 000	284, 490	308, 779
Belgium	55, 000	88, 463	106, 586	82, 723	73, 136
Holland, &c.....	37, 500	50, 000	40, 000	35, 000	30, 000
Total..	2, 075, 000	2, 545, 889	2, 362, 617	2, 146, 532	1, 860, 974

Crop and estimates of cane crops.

Countries.	1885-'86.	1884-'85.	1883-'84.	1882-'83.	1881-'82.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
Java	330, 000	380, 000	315, 000	280, 000	269, 000
Cuba	620, 000	630, 000	550, 000	488, 000	605, 000
Mauritius.....	105, 000	128, 000	120, 000	116, 000	116, 000
Reunion.....	37, 000	37, 000	37, 000	33, 000	27, 000
Brazil	180, 000	220, 000	290, 000	159, 000	240, 000
Manila.....	210, 000	175, 000	140, 000	210, 000	140, 000
Louisiana	110, 000	94, 000	125, 000	135, 000	75, 000
Porto Rico.....	45, 000	60, 000	65, 000	70, 000	80, 000
Total.....	1, 637, 000	1, 724, 000	1, 642, 000	1, 491, 000	1, 552, 000

Respectfully,

J. R. DODGE,
Statistician.

Hon. NORMAN J. COLMAN,
Commissioner.

EXHIBIT C.

Estimates of the amount of bounty on the export of sugar per ton of 2,240 pounds.

France :	
M. Ponger-Quertur.....	\$25 47
M. Hittorf.....	16 02
M. Ozenne.....	15 24
Sugar Refiners' Commission.....	20 63
M. Jacquemart.....	11 79
Leon Say :	
One estimate	3 00
Another.....	4 50
"Exposé des motifs." Law 1880.....	4 58
Belgium :	
Mr. Lubbock.....	38 64
M. Fonquet.....	38 88
Sir H. Barron.....	14 58
Holland :	
M. Tolwater.....	9 72
Germany :	
Mr. Duncan.....	7 50 to 9 72
M. Fouquet.....	4 16 to 6 25
Austria :	
Mr. Duncan.....	7 50 to 9 72
Mr. Hogg.....	23 19
Mr. Lubbock.....	43 74 to 48 60
M. Jacquemart.....	17 08

EXHIBIT D.

[From Consul-General Raine's report November 7, 1885.]

Revenues derived from sugar in the German customs territory.

Harvest year.	Quantity of beets taxed.	Gross receipts from beet- tax.	Gross amount of duties received from—			
			Refined sugar.	Raw sugar and brown sugar.	Sirup.	Total.
	<i>Tons.</i>					
1879-'80.....	4,805,262	\$18,296,300	\$212,600	\$95,600	\$103,300	\$411,500
1880-'81.....	6,322,293	24,077,000	161,000	72,200	118,500	352,400
1881-'82.....	6,271,948	23,883,500	157,100	85,900	118,100	361,100
1882-'83.....	8,747,154	33,309,100	150,100	135,300	126,200	411,600
1883-'84.....	8,918,130	33,960,200	111,100	107,100	115,000	333,200

Harvest year.	Total gross amount of taxes and duties collected.	Drawback on sugar exported.	Net amount of taxes and duties received.	
			Total (less drawbacks).	Per capita.
				<i>Cents.</i>
1879-'80.....	\$18,707,900	\$5,807,000	\$12,900,900	28
1880-'81.....	24,429,500	13,446,100	10,983,400	26
1881-'82.....	24,244,800	10,708,100	13,536,700	30
1882-'83.....	33,720,900	17,706,600	16,014,100	35
1883-'84.....	34,293,500	22,919,900	11,373,600	25
Total.....		70,587,700		

LEAF TOBACCO.

Hearing before a subcommittee of the Committee of Ways and Means composed of Messrs. Hewitt, Breckinridge of Arkansas, and McKinley on the subject of the bill (H. R. 5010) to modify existing laws relating to duties on imports and the collection of the revenue.

WASHINGTON, D. C., March 4, 1886.

Mr. HEWITT. The clause in the bill (H. R. 5010) which we are considering is the following:

“SCHEDULE F—TOBACCO.—Strike out from this schedule the second clause relating to ‘leaf-tobacco,’ and in lieu thereof insert the following:

“‘Leaf-tobacco, of the requisite size and of the necessary fineness of texture to be suitable for wrappers, and of which more than one hundred leaves are required to weigh a pound, if not stemmed, 75 cents per pound; if stemmed, \$1 per pound.’” (Tariff, paragraph 246.)

The present law is, “Leaf tobacco of which 85 per cent. is of the requisite size and firmness, and of which more than one hundred leaves are required to weigh a pound; if not stemmed, 75 cents per pound; if stemmed, \$1 per pound.” The change proposed is in leaving out the limitation of 85 per cent. in the package, so that, no matter whether it be 85 per cent. or 10 per cent. or any other per cent., if it is suitable for wrappers, and of which more than a hundred leaves are required to weigh a pound it will be liable to 75 cents per pound if not stemmed, and \$1 per pound if stemmed. The proposition is merely to change what has given rise to trouble in the administration of the law. There is another bill pending on the same subject, introduced by Mr. Buck.

STATEMENT OF MR. E. N. PHELPS.

Mr. E. N. PHELPS, of Windsor, Conn., farmer and engineer, addressed the committee. He said:

Gentlemen, I am a raiser of tobacco, and I am also president of the New England Tobacco Growers' Association. I am authorized to appear before you and present our case, not only by our association, but by an association from the State of New York, and also one from the State of Pennsylvania, and one from the State of Wisconsin.

We, gentlemen, appear here to-day and ask you to introduce a substitute bill. That substitute bill we have in form. We have also found that although quite a number of different bills have been introduced in the House, all of them have met with more or less opposition. We have endeavored, since these bills have been introduced, and since the introduction of the one which Mr. Hewitt has introduced (bill No. 5010), to harmonize (all these bills being considered) all interests in relation to this matter, on behalf of the growers of tobacco, on behalf of the importers, and on behalf of the manufacturers. We present this bill here as one which, we say, harmonizes all these different interests; and we ask you gentlemen to adopt it as a substitute bill. We also have here a gentleman from New York who is a representative of the City Tobacco Board of Trade, which city board of trade is composed, I may say, of almost every importer of foreign tobacco in the city of New York. That board has had a meeting, and has authorized this gentleman to appear here to-day as a delegate for the purpose of saying to you that this substitute bill is entirely in accordance with their views, and that they harmonize with us directly and make no opposition to our bill. That substitute bill reads as follows:

“On all leaf tobacco contained in any bale, box, package, or in bulk, any part of which is commercially known as wrappers, if not stemmed, 75 cents per pound; if stemmed, a dollar a pound on the whole contents of such bale, box, package, or bulk of tobacco.”

Now, whether it would be in order for me to say anything in relation to the bills already presented, or not, is a question which I leave to the committee.

Mr. MCKINLEY. Certainly: say what you desire.

Mr. HEWITT. Make any statement that you wish.

Mr. MCKINLEY. If you have any objection to Mr. Buck's bill, or to Mr. Hewitt's, you may state it.

Mr. PHELPS. In relation to Mr. Hewitt's bill there is perhaps but one objection to it, and that is, that it does not provide for any wrapper the leaves of which are so large that they require less than a hundred to make a pound, and which wrappers are just as injurious to the growers of domestic tobacco as those leaves which are so small and so fine as to require more than a hundred to weigh a pound. That is the only objection to Mr. Hewitt's bill. Other than that, it covers the ground.

Mr. MCKINLEY. That is a pretty serious objection to it, is it not?

Mr. PHELPS. It is a serious objection, but we think that that is nothing more than an oversight on the part of Mr. Hewitt.

Mr. HEWITT. It is not an oversight at all. It was done deliberately, and was done after the fullest and amplest consideration and discussion.

Mr. PHELPS. The only objection which we growers have to the introduction of tobacco from the Island of Sumatra, where the leaves are so large as to require less than a hundred to weigh a pound, is that they are just as detrimental to our interests as if those leaves were a little smaller and required 101 to weigh a pound. It does not make any difference to us. One is as bad as the other. We would as lief have no limitation at all on the subject as one that requires only a hundred leaves to the pound. That feeling is universal through all the New England States.

Mr. HEWITT. It was not universal at the time the law was adopted, because a delegation of tobacco-growers came before the Committee on Ways and Means and asked for the hundred-leaf limitation.

Mr. PHELPS. I would say to Mr. Hewitt in answer to that that at the time this limitation was put upon the law our people knew but very little about Sumatra tobacco. It had just commenced to be introduced here, and it was supposed that none of it would find its way to the American market, only such as required more than one hundred leaves to weigh a pound and be of sufficient fineness. Another point at that time was that that provision was not designed to touch Havana wrappers at all; and from the fact that that did not we agreed to the limitation of one hundred leaves to the pound, because that limitation would not include Havana tobacco. Besides that, a sufficient amount of Havana wrappers does not come here to be any great detriment to us as domestic raisers of tobacco.

Mr. MCKINLEY. I understand you to say that your proposition is approved by the producer, the importer, and the manufacturer.

Mr. PHELPS. I do not say it is approved by the manufacturer, because his interest seems to lie in having leaf tobacco free of duty; but I do say, and the dealers in seed-leaf tobacco, or domestic wrapper-leaf tobacco, and all the growers universally of tobacco say, that we agree in this bill, and we are here to-day for the purpose of pushing it as a substitute, and as one covering the entire ground which we wish it to cover.

Mr. HEWITT. I understand you to say that, in addition to excluding Sumatra tobacco, you also wish to exclude Cuban wrappers, or to impose a higher rate of duty on them?

Mr. PHELPS. Yes, on all wrappers. There are 70,000 bales of Havana tobacco that come into this country every year, of which not over 3 per cent. is used for wrappers. From the fact that that interest is so insignificant, and from the fact that we do not desire to discriminate against Holland (lest she might have an opportunity of using that as a reason for discriminating against us and introducing retaliatory legislation), we include all wrapper tobacco; and, as I understand, the manufacturers and importers of Havana wrapper-leaf tobacco do not object to this in the slightest extent. It would only increase the cost of their tobacco 40 cents per pound beyond what it is to-day. The original cost of Havana wrappers would be anywhere from \$3.50 to \$6 a pound. So that the percentage of additional cost that would be imposed upon Havana wrappers under our bill is very small. The interest is almost insignificant. We desire to show to Holland that we do not propose to discriminate against that country; and for that reason we propose to include all wrappers.

Mr. HEWITT. What discrimination is there against Holland, or any other country, in this provision of mine?

Mr. PHELPS. It is in the fact that there is no Havana tobacco which requires more

than a hundred leaves to the pound. All the wrapper tobacco from Cuba is of such a heavy body that it does not require more than about seventy leaves to the pound.

Mr. HEWITT. The whole tariff is full of just such provisions. There is no discrimination in my bill against Holland. In fact, I did not know even that Holland has anything to do with it.

Mr. PHELPS. If you propose to discriminate in favor of Havana, we do not object to the discrimination. We do not ask to have the additional cost of 40 cents a pound imposed upon Havana wrappers, because the competition from Havana wrappers with us is very insignificant. The use of Havana wrappers does not amount to more than 3 per cent.

Mr. HEWITT. Then why put this in and include Havana wrappers?

Mr. PHELPS. In order to show our fairness towards the Netherlands.

Mr. HEWITT. There is no discrimination in my bill against the Netherlands tobacco, but simply as to a division of sizes. All the world may send in its tobacco free, provided it does not weigh a hundred leaves to the pound.

Mr. PHELPS. But the Netherlands tobacco (the Sumatra tobacco) all requires more than one hundred leaves to weigh a pound; and, consequently, this provision strikes them.

Mr. BRECKINRIDGE, of Arkansas. Are you pleading the cause of the Netherlands?

Mr. PHELPS. No, sir; I am pleading our own cause.

Mr. BRECKINRIDGE, of Arkansas. You have got some protection to yourselves wrapped up in it?

Mr. PHELPS. Certainly.

Mr. BRECKINRIDGE, of Arkansas. So you do not care so much about the Netherlands as you do about increasing the price of your own tobacco?

Mr. PHELPS. I do not ask to protect myself to the disadvantage of other people, nor to put myself in a position which may be used to discriminate against others. Therefore, I propose to have the tax put upon all wrappers, the Havana wrappers as well as those of the Netherlands.

Mr. BRECKINRIDGE, of Arkansas. Would it be possible to make it fair to all without increasing the duty on leaf tobacco?

Mr. PHELPS. A lesser duty would be equally fair to all.

Mr. BRECKINRIDGE, of Arkansas. Would that suit you?

Mr. PHELPS. No, sir; because a less duty would destroy our industry entirely.

Mr. BRECKINRIDGE, of Arkansas. I am a consumer of tobacco myself. Is it fair to me to put up the cost of tobacco?

Mr. PHELPS. Yes; I think it is for your advantage, from the fact that unless we tillers of the soil can succeed in our industry we cannot afford to give you, or anybody else, profits in any kind of business. Unless we, tillers of the soil, can get something fairly remunerative out of our business you gentlemen must all go dry.

Mr. BRECKINRIDGE, of Arkansas. And so I am to make myself rich by making you rich?

Mr. PHELPS. Yes; you can well afford to pay us more, if we pay you a little more.

Mr. BRECKINRIDGE, of Arkansas. I do not see that you pay me any more.

Mr. PHELPS. Well, we pay you what we do pay.

Mr. HEWITT. What is the price of Sumatra tobacco per pound?

Mr. PHELPS. The price in Holland is 84½ cents per pound.

Mr. HEWITT. And what is the price of your domestic wrappers?

Mr. PHELPS. From 12 to 25 cents a pound.

Mr. HEWITT. Then you want us to put a duty of 75 cents a pound upon Sumatra tobacco, which is six times the price of your own tobacco, or 600 per cent., in order that you may have a better market?

Mr. PHELPS. I say that the price of our tobacco is from 12 to 25 cents a pound.

Mr. HEWITT. Then, at 25 cents a pound, you still want 300 per cent. protection?

Mr. PHELPS. Yes, we do.

Mr. HEWITT. We have not had anybody before us yet who had had the modesty to ask more than 150 per cent. protection. We have had some such cases. But do you not think that, if an industry requires 300 per cent. protection, it is about time to give it up?

Mr. PHELPS. No, sir.

Mr. MCKINLEY. What is the difference in the cost of producing tobacco in this country and in other countries?

Mr. PHELPS. Here we pay our workmen \$1.40 a day, and on the other side the coolies who work in tobacco receive 10 or 12 cents a day and find themselves. The syndicate that raises that Sumatra tobacco divides every year from 300 to 500 per cent., which is taken out of the pockets of the people of this country.

Mr. BRECKINRIDGE, of Arkansas. How much of that Sumatra tobacco is consumed in this country?

Mr. PHELPS. Last year the amount consumed was 26,000 bales.

Mr. BRECKINRIDGE, of Arkansas. And how much of wrapper tobacco is produced in this country?

Mr. PHELPS. About 280,000 cases per year.

Mr. BRECKINRIDGE, of Arkansas. And how much of that is consumed?

Mr. PHELPS. That would be all consumed if it were not for the introduction of the 26,000 bales of Sumatra tobacco.

Mr. BRECKINRIDGE, of Arkansas. You mean the 26,000 bales imported into this country?

Mr. PHELPS. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. I ask you about the amount consumed, not as to the amount imported.

Mr. PHELPS. The amount consumed in this country is about 200,000 cases.

Mr. BRECKINRIDGE, of Arkansas. And you produce how many of these 200,000 cases?

Mr. PHELPS. We produce all that is produced—about 280,000 cases.

Mr. BRECKINRIDGE, of Arkansas. You do not apprehend my question. You say that we produce in this country about 280,000 cases, and consume about 200,000 cases?

Mr. PHELPS. Yes.

Mr. BRECKINRIDGE, of Arkansas. That includes the 26,000 bales imported?

Mr. PHELPS. Not at all.

Mr. BRECKINRIDGE, of Arkansas. I did not ask you how much we consumed of domestic product, but how much we consumed in all, every year.

Mr. PHELPS. We consume 200,000 of the 280,000 cases that we raise, 70,000 bales of Havana tobacco, and 26,000 bales of Sumatra tobacco.

Mr. HEWITT. What is the difference between a bale of tobacco and a case of tobacco?

Mr. PHELPS. A Sumatra bale of tobacco contains about 75 pounds and a case of tobacco 150 pounds.

Mr. BRECKINRIDGE, of Arkansas. You produce a surplus of leaf tobacco, do you?

Mr. PHELPS. Yes.

Mr. BRECKINRIDGE, of Arkansas. What becomes of it?

Mr. PHELPS. It remains in the country seeking a market, and, finding none, from the fact that Sumatra tobacco has displaced the domestic wrappers, our tobacco remains on hand. Otherwise every pound of leaf tobacco raised in this country would be consumed.

Mr. HEWITT. Why is the consumer of tobacco so foolish as to pay \$1.50 a pound for Sumatra wrappers when he can get your wrappers at from 12 to 25 cents a pound?

Mr. PHELPS. From the fact that a smoker buys his cigar from the sightliness and look of it. It is like a varnished cigar. A cigar with Sumatra tobacco wrapper tastes no better, but it looks better.

Mr. HEWITT. Do we not get married on that principle?

Mr. PHELPS. No, sir.

Mr. McKINLEY. What is the capacity of the Sumatra wrapping tobacco as compared with the domestic leaf?

Mr. PHELPS. At least as much as 3 or 4 to 1—that is, it requires 3 or 4 pounds of our tobacco to wrap as many cigars as 1 pound of Sumatra tobacco will wrap.

Mr. McKINLEY. That is an important element in the question, is it not?

Mr. PHELPS. Yes.

Mr. BRECKINRIDGE, of Arkansas. How much tobacco do you raise to the acre in your country?

Mr. PHELPS. About 1,500 pounds.

Mr. BRECKINRIDGE, of Arkansas. How much of that is suitable for wrappers?

Mr. PHELPS. About 900 pounds, or 60 per cent. It is sorted into three sorts—the wrappers, the seconds, and the fillings.

Mr. BRECKINRIDGE, of Arkansas. How much tobacco is raised to the acre in Virginia?

Mr. PHELPS. That I cannot tell. That tobacco does not come into competition with ours at all. I should suppose they raise from 900 to 1,000 pounds of tobacco per acre in Virginia.

Mr. BRECKINRIDGE, of Arkansas. Then they raise about as much, all told, as your proportion of wrappers amounts to?

Mr. PHELPS. Yes. Some of our farmers raise 2,000 pounds to the acre, and some 1,200 pounds, depending upon the goodness of the soil and the amount of fertilization. You may put the average at about 1,500 pounds per acre.

Mr. McKINLEY. Will you describe the difference between Sumatra leaf tobacco and our leaf tobacco in form and shape?

Mr. PHELPS. The shape of the Sumatra leaf is quite round, while ours is long. Of course we have different shaped leaves.

Mr. MCKINLEY. Is there any stem in the Sumatra leaf?

Mr. PHELPS. Yes; there is a stem. That is, there is a main rib, and a smaller rib running off each side of the main rib. The shape of the leaf depends upon the kind of tobacco. The Connecticut seed tobacco is a long leaf. Some of the leaves are narrow and some broad. So, too, with the Havana leaf; some leaves are shorter and some broader. The shape of the leaf depends upon the variety.

STATEMENT OF MR. S. L. LORD.

Mr. S. L. LORD, of Edgerton, Wis., said:

Gentlemen: I am a farmer and physician and a grower of tobacco. I have been one of the largest growers of tobacco in the Northwest. Our State is suffering worse from the importation of Sumatra tobacco, probably, than any other State in the Union to-day. We have a larger area devoted to tobacco than any other State. We have usually raised very good tobacco; and, until the Sumatra importation interfered with us, we made it a fairly paying crop. But the time has come when we are not getting absolutely the cost of production. That is the case with this year's crop; and we see nothing in the future except to abandon the business altogether, unless we can have relief from Congress. In our State we have to pay from \$1.50 to \$3 a day for labor in tobacco. I think I never paid less than \$1.50 per day, and from that up to \$3. Our tobacco costs us not less than 7 cents per pound, when we come to reckon labor and interest on the land and on the sheds where the tobacco is dried. This year we are getting for our tobacco from 2 to 7 cents per pound. Very little tobacco is being sold for more than 7 cents per pound, but the average all round would not be more than 5 cents per pound, or 2 cents less than the cost of production.

We have invested in our State in buildings for storing tobacco or for curing tobacco, together with agricultural implements, which would be comparatively worthless to us if that industry went down, at a fair estimate \$2,000,000. The most of that property would become comparatively worthless. A great industry in our State which has heretofore employed in raising and handling it not far from twenty thousand men is threatened with utter destruction by this great influx of Sumatra tobacco.

There is one thing which Mr. Phelps omitted to state in reference to the Sumatra tobacco imported within the last eighteen months. For the last six months of 1885 they were importing between 3,000,000 and 4,000,000 pounds of Sumatra tobacco. During the eighteen months ending January, 1886, the Sumatra tobacco was imported in sufficient quantity to amount to 94,000 cases of American wrappers. The importation grew up from 38 pounds in 1880 to the enormous amount of what would equal in the fiscal year 1885 and in the last six months of the present fiscal year 94,000 cases of American wrappers.

Mr. BRECKINRIDGE, of Arkansas. That Sumatra tobacco is all wrappers?

Mr. LORD. Yes, sir; so that we esteem it as only a question of time when we shall have to abandon the business of raising tobacco. This difficulty not only involves my own State, but it involves Northern Illinois as well, and it reaches into Ohio, Pennsylvania, New York, and the New England States. Iowa too had commenced raising some tobacco.

Mr. HEWITT. You say that your tobacco costs 7 cents a pound to raise. Now the present duty on leaf tobacco is 75 cents a pound. That is 1,000 per cent. protection. Does it not stagger you a little that an industry has to be maintained with such percentage of protection as that? Is there not something else which may explain this business, and show why it requires a protection of 1,000 per cent. to keep the business in existence?

Mr. LORD. We cannot live and compete with coolie labor that is paid at 10 cents a day.

Mr. BRECKINRIDGE, of Arkansas. How can consumers live if they are compelled to give protection to the amount of a thousand per cent. to a privileged class in this country? Is it not a little unfair that the great mass of the people is to be compelled to pay a privileged few a thousand per cent. of protection on tobacco? Does not that strike you as rather a reproach on liberty?

Mr. LORD. You might use the same argument upon everything that is manufactured in this country, and might allow the products of pauper labor in China to compete with the products of this country.

Mr. HEWITT. I suppose that we could produce tea in this country if we put a protective duty of 2,000 per cent. upon it.

Mr. LORD. I have no plea to make, except that we cannot live in raising tobacco in

competition with coolie labor. That is our plea—that we have got to abandon the industry, and thus throw out of employment 7,000 men now engaged in it, or else cut down their wages.

Mr. BRECKINRIDGE, of Arkansas. Or go into some more profitable kind of business.

Mr. LORD. We have grown pork until it sells at a ruinous rate.

Mr. HEWITT. Well, suppose we put a protective duty on pork?

Mr. LORD. We cannot even raise wheat and make any profit out of it.

Mr. BRECKINRIDGE, of Arkansas. Then the wheat-grower cannot afford to pay you that thousand per cent. protection on your tobacco.

Mr. HEWITT. It would be cheaper to take the money out of the Treasury and pay it every year to the American raisers of tobacco than to put a thousand per cent. protection upon it.

Mr. LORD. Farmers in this country furnish the capital and the labor, and it is only through the farmers of the country that the country can live.

Mr. HEWITT. But the wheat men make nothing, and the pork men make nothing, and no amount of protection will enable them to make anything. How are they then to buy this tobacco of yours and pay a thousand per cent. advance upon it? What indemnity shall we give them?

Mr. LORD. That is not for me to answer.

Mr. BRECKINRIDGE, of Arkansas. Do you think that that protection given to tobacco would increase our ability to eat bread and pork?

Mr. LORD. Yes; it will increase the consumption of those commodities.

STATEMENT OF MR. W. C. MORSE.

Mr. W. C. MORSE, of Painted Post, Steuben County, New York, addressed the committee. He said:

Gentlemen, some of these statements are a little misleading. We do not propose to increase the cost to consumers. We can make a better cigar and a cheaper cigar with domestic goods than we can with Sumatra tobacco. This Sumatra tobacco can be, with the cheap labor that they have there, manipulated in such a form that it comes to the manufacturers here almost complete, dispensing with a good deal of labor in the factories. We can see, therefore, that it is to the interest of the manufacturer of the cigars to handle Sumatra tobacco. Then there is to be considered the capacity of Sumatra tobacco and its extreme fineness. That quality gives it an advantage over ours, which reduces very materially the percentage that has been alleged against us. Follow that line through, and take our goods as compared with the Sumatra tobacco, take our selections as compared with the selections made through the cheap labor in Sumatra, and our percentage is small compared to the aggregate which we produce. Then there is another point. As to the filling of the cigar, the industry rests in this manner: The outside wrapper, with the exception of the Havana filler, is made from home-grown tobacco, and without home-grown tobacco neither you nor I nor any one else can smoke good cigars in this country, because, outside of this country, the material for a good cigar cannot be produced in any quantity.

Mr. BUCK (Representative from Connecticut). You are talking now about the filling of cigars?

Mr. MORSE. I am talking about the binders of the cigar. There is no country except our own that grows those binders.

Mr. BRECKINRIDGE, of Arkansas. You say that our country is the only country which produces those seconds, or binders, as you call them?

Mr. MORSE. Yes.

Mr. BRECKINRIDGE, of Arkansas. Therefore the tariff can produce no effect upon these binders.

Mr. MORSE. No, sir. Binders is the commercial term known in the trade. Technically it is a wrapper; but it is an inferior wrapper.

Mr. BRECKINRIDGE, of Arkansas. But is it one which we alone grow?

Mr. MORSE. We alone grow it.

Mr. BRECKINRIDGE, of Arkansas. Then it has nothing to do with this question?

Mr. MORSE. Not at all. It is next to the lowest grade which we grow here. Dr. Lord gave the cost of the production of the tobacco in his State; but New England claims to be a better tobacco-growing country than the State of New York or the State of Pennsylvania. We claim to raise tobacco in Connecticut with more care and at greater expense than it is raised in Wisconsin. The difference in the cost of the production of tobacco varies very much. I presume that Mr. Phelps can tell you; but it is my im-

pression that good tobacco cannot be grown in Connecticut for less than 10 cents a pound. I know that New York cannot grow good tobacco for less than 9 cents a pound, and it takes careful men to raise it even at that.

That is not all of this matter. I can only speak of the working part of it. I grow my own tobacco, and I know the inwardness of the thing. Now, unless we can get over 9 cents a pound for tobacco, we are working for nothing. We are spending our time and coming out only even, with nothing to support our families upon. And it is all in the interest of a few importers and of a syndicate in the Netherlands. The question is, shall we stop growing tobacco, or will Congress put a hindrance to the introduction of Sumatra tobacco. If the tobacco crop is taken away from the Chemung Valley, the farmers will suffer seriously. We have been feeding cattle there; but now we are shut out from the cattle market. We cannot feed cattle and run a car-load of cattle to New York and get our first cost on them. We cannot grow a bushel of wheat in competition with the farmers of Dakota and the far West. The important specialties of New York farmers are in fine dairying, tobacco raising, beans, peppermint, and such little matters. We have got to attend to those, or our agricultural interests are ruined. We came here to see if we can continue the business of growing tobacco. If we cannot, I do not know what we shall turn our attention to. Our sheds and all our investments in the tobacco business will be a dead loss on our hands. What little tobacco has been picked up in our locality (and it has been timidly done) will not average the cost of production; and the farmers who have got debts to pay do not know where to turn, as tobacco is almost the only crop for which we can realize cash. Other crops are comparatively barter crops. Gentlemen, you do not appreciate how terribly we are pressed. We have labored all the season. Some of us have lost from hail storms and frosts and other calamities; but we might have got through if we could sell our tobacco at any profit.

Mr. HEWITT. You have got 75 cents per pound protection now on your tobacco.

Mr. MORSE. Do you want to ask us to grow tobacco?

Mr. HEWITT. I do not ask you to grow a pound of tobacco. You should stop producing it if you cannot make any profit on it.

Mr. MORSE. Do you want the business of tobacco growing to stop in the State of New York?

Mr. HEWITT. I do not want the business to stop; nor do I want anybody to do anything if it does not pay him. You have now got a minimum duty of 35 cents a pound, and a maximum duty of 75 cents a pound, and if that does not relieve you of the difficulty, please to state whether if the duty were doubled it would relieve you any more.

Mr. MCKINLEY. Are you asking for an increase of duty?

Mr. MORSE. Not at all. We do not ask for an increase of duty. We only ask for the law to be made so that those who are cheating the honest grower of tobacco shall not be permitted to do so.

Mr. MCKINLEY. The only difference that you propose in the law is by inserting the phrase "commercially known."

Mr. HEWITT. Whatever is called a wrapper is to pay 75 cents per pound. As the law stands to-day, certain wrappers pay 35 cents a pound; but this is to increase all to 75 cents a pound. It is said that the amount imported from Cuba is small, and I believe it is, but when that Cuban limitation is stricken out, a lot of wrappers which now pay only 35 cents a pound will then pay 75 cents a pound; so that is an increase of duty.

Mr. MCKINLEY. It is not an increase, but simply a provision that there shall be no evasion of the law, and that all wrappers shall pay a fixed duty.

Mr. BUCK. The intention of the tariff act of 1883 was to make wrappers pay 75 cents a pound, but under this unfortunate wording which was adopted some of them pay only 35 cents a pound.

Mr. HEWITT. That wording was what the home producers thought at the time they wanted.

Mr. MORSE. I do not want Mr. Hewitt to feel that we are so greedy. It takes 4 pounds of our leaf tobacco to equal 1 pound of Sumatra tobacco in the way of making wrappers. How much per cent. difference is that? Then take the cooly labor. The maximum pay is 10 cents a day against our minimum pay of \$1.25 a day. How much per cent. difference is that?

Mr. HEWITT. But why should a man be compelled to use leaf tobacco that weighs four times as much as the Sumatra tobacco?

Mr. MORSE. I can say in all truth and candor that 90 per cent. of the tobacco interest—growers, dealers, and manufacturers—say to-day that they want this thing done.

Mr. HEWITT. We have here before us the protests of cigar manufacturers against its being done.

Mr. MORSE. I think you will find that the large manufacturers all say that they want Sumatra tobacco wiped out. That is said in Detroit, Dayton, Cincinnati, Saint Louis, and other cities where cigars are manufactured.

Mr. HEWITT. I have here a protest signed by many cigar manufacturers in Dayton, Ohio [naming them], against the proposed change.

Mr. BRECKINRIDGE, of Arkansas (to Mr. Morse). What do you understand to be the lowest tax now imposed on imported tobacco?

Mr. MORSE. Thirty-five cents per pound.

Mr. HEWITT also read a protest from an association of New York cigar-makers and stated that he had not found one cigar manufacturer to be in favor of it—that Straiton & Storm wrote that they did not want to interpose an objection to it, but that they considered it a very uncalled-for performance.

Mr. BUCK. Do Straiton & Storm object to it?

Mr. HEWITT. Not in words; but they say that in their opinion it is a very ridiculous performance. They are not, however, going to put themselves in the attitude of objecting to it.

STATEMENT OF MR. BUCK.

Hon. JOHN R. BUCK, Representative from the State of Connecticut, said:

The duty on leaf tobacco, unstemmed, has been, for a good many years, 35 cents a pound. For more than a quarter of a century it has been 35 cents a pound. That duty has had no "variableness or shadow of turning." In the tariff revision of 1883 a great effort was made to call the attention of the Committee on Ways and Means to the fact that since the duty of 35 cents a pound had been in force a new tobacco, unknown to this country and unknown, in fact, to the world, except for two or three years before that, had come into the markets of the world. That was this Sumatra tobacco. The leaf of that tobacco is shaped very much like my hand, with a very small, almost fibrous, stem running through the middle of it, so that when it comes to be cut up the wrappers can be cut right across it, and every bit of it can be used for wrappers. The American seed-leaf tobacco is a long leaf. Running through the middle of it is a very large stem, and running out from that are small fibrous stems, so that you cannot cut across the leaf, and have to use the leaf on one side of this great central stem. For that reason 1 pound of Sumatra tobacco has as much wrapping capacity as 4 pounds of American seed-leaf tobacco.

Mr. BRECKINRIDGE, of Arkansas. Is not that true also of American wrappers?

Mr. BUCK. I am speaking of American wrappers. The American seed-leaf is the American wrapper. The domestic tobacco-growers came before the Committee on Ways and Means and said, "A new tobacco has been discovered. It has this quadruple capacity, and we want the duty increased." They asked an increase of duty to \$1 a pound. Mr. Kelley, the chairman of the committee, thought the demand a most extraordinary one, and made about the same remark in reference to it as Mr. Hewitt has made to-day. But if you take 35 cents and multiply it by four you have \$1.40; so that, if we had put on that Sumatra tobacco a duty of \$1.40 a pound, it would not have been one cent more (considering its capacity) than the duty of 35 cents per pound on ordinary tobacco. I know very well what Mr. Hewitt may say to that—that the tobacco-grower must take his chances. The Holland merchants have a syndicate by which they control this Sumatra tobacco. That is a most interesting history. But we really are not asking for anything so very extravagant.

Mr. HEWITT. Did you ever hear how the Jews were fed with manna?

Mr. BUCK. Yes.

Mr. HEWITT. I have got a neighbor in my own business who owns an iron mine from which he can dig his ore at a cost of 35 cents a ton. It is the greatest and cheapest deposit of ore in the world. Tariffs make no difference to him. What does he do? He contents himself modestly with a million dollars a year net profit. He does not take one cent less for his ore than its market value. I have no protection against that man, because he is within the borders of this country. If he were outside of this country, and had made such a discovery of rich ore, I might have come to the Committee on Ways and Means, as you do, and said to the committee, "Do not let this fellow have the benefit of his cheap ore. It is too cheap." Now that is all the argument that there is in this thing. As a matter of fact, every man will get whatever he can for what he produces. This Netherlands syndicate in Sumatra tobacco is getting all the money out of it that they can. Of course, if we put the duty up they will put the price down, and the Sumatra tobacco will still come in unless you prohibit it. Would you have us prohibit it?

Mr. BUCK. No; but we might force them to pay such a duty on their tobacco in New York as that its cost, when taken in connection with its wrapping capacity, shall be somewhat near that of Connecticut leaf tobacco, after its raisers have paid \$1.25 a day labor. The problem of the tariff is, when a piece of foreign-made steel is landed in New

York, to make that piece of steel cost as much as the American steel, which it meets in Pennsylvania; so that the foreign and American steel may go into the markets of the United States on an equal footing.

The first bill that I introduced on this subject was a bill to increase the duty on leaf tobacco; but immediately afterward the tobacco growers had a convention in which they agreed that they would only ask to have put in force what the Forty-seventh Congress meant to be the law. At the time that bill was pending, Secretary Folger had some of this leaf tobacco weighed. He caused some of it to be weighed in Baltimore, some in New York, and some here. They ranged about 100 leaves to the pound, but the Baltimore weighing showed a little less. I never was in favor of that proposition of weight at all, and Secretary Folger told me there would be great danger in it. He said, "You will be likely to have that tobacco sorted in Holland and brought in here so that it will take less than 100 leaves to weigh a pound, and in that way they will get around the law." But we could not stop it. The Committee on Ways and Means, which was very jealous of its rights, voted to take this draft perfectly simple: "All leaf tobacco suitable for wrappers, if unstemmed, 75 cents a pound; if stemmed, \$1 per pound." That was plain and simple, saying that the Government must tax all wrappers wherever they were. But the Senate amended the internal-revenue bill, which was before it, putting in a tariff bill, and putting in that tariff bill the unfortunate wording which it now contains. That was against my protest. I appeared before the Senate committee and argued that there would be trouble in enforcing that law, as has turned out to be the case.

On my motion the Treasury Department has issued an order enforcing the present law substantially as we are asking this committee to make it. The Department says it thinks that the law should be so amended. Judge Shipman, of the United States district court of Connecticut, has held to that construction of the law, but the case has gone into the United States court; and not only that case, but one or two others, involving the same principle, are pending in the court. Pending the decisions of these cases, which may come in one, in two, or in three years, a great uncertainty exists in the tobacco market. Nobody knows what to do. The growers are in distress, and I know that some of the importers are. A few of the cigar manufacturers are frightened about it and think they are going to be injured; but how I do not imagine, because people will smoke. Men will buy cigars whether they are made of American wrappers or not. All that we ask of the committee is to make perfectly plain the law of 1883, so that the Government can enforce it. It is necessary, in my judgment, to include all wrappers, so that there may be no misapprehension of the law. By including all wrappers we may increase the duty on Havana wrappers, to which we feel friendly. We would wish to avoid doing so, but the interest is so infinitesimal that it seems unnecessary to attempt to make a distinction in its favor. Only \$2,655 was received as duty on Havana wrappers the year before last and not a dollar last year.

Mr. HEWITT. If the provision in regard to the 100 leaves to the pound were left out the schedule would read: "Leaf tobacco of the requisite size, and of the necessary fineness of texture to be suitable for wrappers, if not stemmed, 75 cents per pound; if stemmed \$1 per pound, provided that so much of any package as may be so broken as not to be suitable for wrappers shall pay a duty of 35 cents per pound."

Mr. BUCK. The only objection is to the last clause, where a difference of opinion would be arising all the time. If we could word it so that no sort of doubt would be justified that would be as good a provision as any other.

Mr. HEWITT. You will have difficulty both in the committee and in the House to have such a duty put upon wrappers.

Mr. BUCK. It costs about 2 cents per pound for labor to sort this tobacco so that the leaves shall come in weighing less than 100 to the pound. There is really in this proposition of ours no increase of duty over that in the tariff of 1883. I have received some letters from manufacturers expressing a good deal of fear about it; but these letters were all in relation to the first bill which I introduced.

Mr. HEWITT. The manufacturers were unanimous against that bill.

Mr. BUCK. I admit that. Mr. Phelps will recollect that I told his meeting, in Hartford, that importers would be likely to be against it, and I immediately introduced another bill which simply corrected the phraseology. That is all we ask now, except that the words "commercially known as wrappers" shall be inserted.

Mr. HEWITT. The proposition, in fact, is to strike out that limit of 100 leaves to the pound. The trouble with American tobacco-growers is that, as the trade returns show, they have produced too much tobacco. They have got too large a stock, and consequently the price has gone down. That is the only trouble.

Mr. LORD. The first reason for that is the introduction of these 26,000 bales of Sumatra tobacco, which has displaced so much of the American-grown tobacco.

Mr. HEWITT. We must buy something from abroad if we want to sell anything abroad.

STATEMENT OF MR. E. M. CRAWFORD.

Mr. E. M. CRAWFORD, of New York, president of the City Tobacco Board of Trade, said:

For my own part, gentlemen, I think that the amendment proposed (to eliminate the one hundred leaves to the pound) would be entirely satisfactory to me and to other gentlemen if it were not for the proviso. That proviso seems to me to open the door again to just the same difficulty as now exists under the law as it has been administered during the last year. We know very well what that difficulty has been. The duty of 75 cents intended to be imposed has been evaded in consequence of tobacco of better grades being mixed with tobacco which did not come up to the requirement. It can be evaded again under this provision. I scarcely think that there is any "commercial knowledge" of tobacco to which that provision can apply. When I saw that provision I wondered where Mr. Hewitt had got the information which made him put it in his bill; and, it seems to me, that if it had been obtained from any one in the trade it must have been given to him with a view to make use of it so as to evade the law, just as it has been evaded last year. When tobacco is selected and picked as wrappers it is intended to eliminate all broken leaves. There should not be any broken leaves in a package of wrappers, especially in imported tobacco; and this provision was suggested for a purpose, and that purpose not an honest one. It is not honest toward the Government, or honest toward the importer, who is not willing to descend to such tricks. There are to-day in the city of New York importers who have been prohibited from importing Sumatra tobacco, because they would not evade the law in the manner in which it has been done by those who have imported Sumatra tobacco. They felt that it was dishonest, and for that reason some of our largest houses, carried on by men of the highest character and who are anxious to see openings by which they can employ their capital profitably, have not imported Sumatra tobacco because they could not do so and retain their self-respect conscientiously or as honest men.

Mr. HEWITT. Does it not happen that a bale of tobacco imported from a foreign country gets injured on the way, and the leaves broken up?

Mr. CRAWFORD. That does not happen often enough to make a sensible percentage.

Mr. HEWITT. Still, if it did happen, the importer might ask to have the bale examined. If the importer does not make the demand no one else will.

Mr. CRAWFORD. But suppose that the importer makes the demand, and the appraiser—

Mr. HEWITT. (Completing the sentence.) Is corrupt, or colludes with the importer. Then we would have a bad state of things, and the Government would be defrauded. But that is the only way that there can be any fraud in the matter.

Mr. CRAWFORD. Suppose a man on the other side (the forwarder) in shipping tobacco, purposely introduces 25 per cent. of broken leaves into the bale, and introduces them just at the point where he knows the bale would be first opened and examined. The importer would say, "25 per cent. of this tobacco is broken. I am so advised by my consignees, and I demand that 25 per cent. of it shall be entered at the low rate." In that case it would be a very difficult matter for the appraiser, when he looks at that bale of tobacco, (unless he breaks up the bale, which would be very injurious), to determine whether those broken leaves extend through the entire bale. If the injury should run through the entire bale in the same way as where he opens and examines the bale, then 25 per cent. of the contents would come in under the low duty; but the appraiser can not determine that, unless he separates the entire bale, which would be not only expensive to the Government, but injurious to the importer. It seems to me, therefore, that this provision does not protect the honest importer in any way, and simply leaves a door open for the dishonest one. The rule of examination is one bale in ten.

Mr. BRECKINRIDGE, of Arkansas. Are you an importer of tobacco?

Mr. CRAWFORD. I am an importer of and dealer in leaf tobacco.

Mr. BRECKINRIDGE, of Arkansas. Therefore you take an interest in having the law so drawn as to prevent one importer from having an advantage over another?

Mr. CRAWFORD. That is my extreme desire.

Mr. BRECKINRIDGE, of Arkansas. And that is the sole point that you are talking about?

Mr. CRAWFORD. Yes. So far as I am personally concerned, it is immaterial to me whether I sell Sumatra tobacco, or seed-leaf tobacco. It is immaterial to me whether I import Sumatra tobacco or Havana tobacco; but I want every importer put upon the same footing as I am.

Mr. BRECKINRIDGE, of Arkansas. You do not care anything about either raising the duty or lowering the duty?

Mr. CRAWFORD. No, sir; not at all.

Mr. BRECKINRIDGE, of Arkansas. There is no disputing the soundness of the proposition that laws should be so drawn as to guard against fraud.

Mr. HEWITT. That suggestion about broken leaves was made by a committee which came here and had a conference with us. They represented that it would be unjust to collect 75 cents a pound duty on wrappers which might be injured.

Mr. CRAWFORD. I have been in this business forty-odd years, and I am not afraid to stake my reputation as a judge and as an expert on the statement that there is not one man in fifty who imports or handles Sumatra tobacco who will come before this committee (with any person present who understands the subject) and make such a statement.

Mr. HEWITT. As a matter of fact, then, very little Sumatra tobacco is damaged?

Mr. CRAWFORD. That is an absolute fact.

Mr. BRECKINRIDGE, of Arkansas. Is the same true in regard to Havana wrappers?

Mr. CRAWFORD. Yes.

Mr. HEWITT. I think the statement was particularly with reference to Cuban tobacco; for this committee that I speak of said that bales were made up in Cuba containing mixed wrappers and fillers.

Mr. CRAWFORD. I think you stated that this provision of one hundred leaves to the pound was inserted at the solicitation of tobacco men?

Mr. HEWITT. It was originally.

Mr. CRAWFORD. I think that that is not just exactly as the case was. Mr. Buck touched upon the border of it, and I was in hopes that his memory was fresh enough to go on with it. The amendment which had been agreed upon in the Senate had no such provision as that of one hundred leaves to the pound, or anything of that character. It simply read about as you have it now, or as your bill would be with that provision struck out. Senator Platt was recognized as the Senator who had charge of the tobacco portion of the bill. The committee of tobacco men that was here in reference to this matter, feeling satisfied that everything had been agreed upon, returned to New York. Unfortunately for all concerned, a manufacturer of Havana cigars representing other manufacturers as well as himself who made Havana cigars, conceived that this amendment (as it had been agreed upon) might be injurious to their interests; that is, it might cause the cost of production of Havana cigars to be increased perhaps \$1.50 per thousand, and they desired to avoid that. So it entered the fertile brain of a young man who was here to have that provision inserted. Now the Sumatra tobacco is a very fine grade of tobacco, and up to that time I think all experience was to the effect that it would run one hundred leaves or more to the pound, while our tobacco was not running anything like that. The main point which he had to reach would be reached by this provision of one hundred leaves to the pound; and he suggested it to Senator Platt; and Senator Platt, in order to conciliate that interest, introduced the proposition of one hundred leaves to the pound without consulting any of those with whom he had been consulting in relation to the law; and the provision became a law in that way.

Mr. HEWITT. In reference to Havana tobacco, do wrappers and fillers come together in the same bales?

Mr. CRAWFORD. Not as a rule, although occasionally bales come in with wrappers and fillers mixed. For instance, on plantations that would produce one hundred bales of tobacco, there might be fifteen bales of pure wrappers, with a few carrots, or pieces remaining over, more than the fifteen bales. Then they would pick the next grade of tobacco, and there might be fifteen bales of that, with a few carrots remaining over. And so they would go on with all the qualities, having a few carrots remaining over from each of them, and all these carrots might be combined and packed in a bale or bales, so that in this way wrappers and fillers might come in the same bale.

The following paper was subsequently sent to the subcommittee on the part of some of the gentlemen who had presented the foregoing arguments:

To the chairman of the subcommittee of the Committee of

Ways and Means of the Forty-ninth Congress:

Mr. CHAIRMAN: In compliance with your request, we, as representatives of the twelve cigar-leaf tobacco-growing States, have the honor to herewith present your committee the following brief and accompanying copies of documents from the Departments of State and Treasury, relative to the correction of Schedule F of the tariff act of 1883, as provided for in House bill No. 4434, and earnestly request an early and favorable consideration:

SCHEDULE F.—Section 2502, chapter 121, of the Statutes of the United States of America, passed at the second session of the Forty-seventh Congress, is as follows:

“Leaf tobacco of which 85 per cent. is of the requisite size and of necessary fineness of texture to be suitable for wrappers, and of which more than 100 leaves are required to weigh a pound, if not stemmed 75 cents per pound, if stemmed \$1 per pound.”

We most respectfully ask its amendment, so as to read as follows:

“Leaf tobacco in any bale, box, package, or bulk, any part of which is commercially known as wrappers, if not stemmed 75 cents per pound, if stemmed \$1 per pound, upon the whole contents of such bale, box, package, or bulk of tobacco.”

(2d.) That this act shall take effect on and after its passage.

A bill was introduced into the Forty-seventh Congress in response to the urgent request of farmers engaged in growing cigar-leaf tobacco for an increased duty on imports of wrappers in consequence of the alarming increase of the imports of Sumatra leaf from the Netherlands, to relieve them from its disastrous competition. Instead of becoming a law this bill was supplanted by the substitution of the present law, at the instigation and through the influence of growers and importers of foreign tobacco.

This law went into effect July 1, 1883, but it was so worded that importers soon after began an evasion of its provisions and imported fine Sumatra wrappers at the low rate of duty to so great an extent that the law has become practically inoperative for the protection of American growers.

The following official statement of Chief Switzler, of the Bureau of Statistics of the Treasury Department, shows the volume of imports of Sumatra tobacco, the custom-house valuation, and the relative amount that pays the 75 cent and 35 cent rates of duty:

Statement showing the quantities and values of leaf tobacco imported into the United States from the Netherlands since July 1, 1880.

Periods.	Suitable for wrappers.		All others.	
	Quantity.	Value.	Quantity.	Value.
	<i>Pounds.</i>		<i>Pounds.</i>	
Year ending June*30, 1880.....			38	\$10
Year ending June 30, 1881.....			200,602	140,665
Year ending June 30, 1882.....			782,763	487,127
Year ending June 30, 1883.....			3,818,931	2,942,148
Year ending June 30, 1884.....	34,318	\$27,148	569,218	453,554
Year ending June 30, 1885.....	28,070	24,235	2,189,847	1,857,259
July, 1885.....	155	161	581,274	490,269
August, 1885.....			775,488	650,334
September, 1885.....	14	10	221,498	176,214
October, 1885.....	45	36	623,125	525,183
November, 1885.....			909,560	790,396
December, 1885.....	10	5	361,355	300,455
Total six months	224	212	3,472,300	2,932,851
Fiscal year 1884.....	34,318	27,148	569,218	453,554
Fiscal year 1885	28,070	24,235	2,189,847	1,857,259
Total 2½ years.....	62,612	51,595	6,228,187	5,238,793
Fiscal year 1883.....			3,818,931	2,942,148

It will be seen that the imports of the last six months almost equal the alarming imports of the entire year of 1883, and of these imports only 224 pounds paid customs duties at the 75 cent rate named in the law. Now when it is considered that the entire importation of Sumatran tobacco is all fine wrapper leaf, which was intended by Congress should pay 75 cents per pound, but has actually paid only 35 cents per pound, then it is conclusive that our own Government lost in customs duties 40 cents per pound during the six months on 3,472,300 pounds, which amounts to the sum of \$1,388,920.

Further proof of the necessity of correcting the law is furnished by the Secretary of the Treasury in the dispatch of the United States minister at the Hague, dated December 14, 1885, in which he refers to the boasting of an enterprising correspondent of a leading journal (the *Handlesblad*) describing the methods by “modified packing” and a certain “nesting” process practiced in Amsterdam in the packing of Sumatran tobacco with a view to evade the customs laws of the United States and which was claimed has proved successful.

Your attention is also called to the investigation and reports of Col. Ira Ayer, jr., special agent in charge, and Mr. J. C. Cummings, inspector, officers of the Treasury Department, who describe the manner by which the law is evaded in the New York custom-house in words as follows (Reports A and B.): “It appears that the two grades of tobacco in question, namely, the grade having less than 100 leaves to the

pound and suitable for wrappers, are packed separately in the same bale, care being taken to keep the higher grade within the 85 per cent. limitation provided by law."

These tobaccos are still coming in the same way. The Department decision on subject, S. S., 5715, 6324, and 6674, have all been construed by the appraising officer at this port as authorizing such practice.

The foregoing facts prove conclusively that the law is unfortunately worded, unjust and inoperative. Its plain intent and spirit are so easily evaded it should be corrected.

This tobacco, which during the last five years has been so rapidly supplanting our domestic cigar leaf, owes its availability to the large amount of labor expended in its preparation, assorting, and handling, made possible by the cheapness of the labor employed. In this country the relatively high prices commanded even by farm labor precludes the possibility of our tobacco farmers expending as much work on their crops as is expended in Sumatra, where only cooly labor is used at an expense, including board, of from 6 to 10 cents per day.

During the past five years, since this Sumatran tobacco has been curtailing the demand for domestic wrappers, American farmers in their effort to compete more successfully with their foreign rival have been introducing finer varieties, which yield fewer pounds per acre and cost much more per pound in all the processes of raising and handling. Where formerly they grew 6,000 plants per acre they are now growing from 9,000 to 10,000 plants. They have nearly twice as many leaves to handle and assort. They have been doing this with more care and expense until it is only fair to say that the increased cost of raising and fitting domestic leaf for market during the past five years has been from 3 to 5 cents per pound, growing out of the effort, as we have stated, to compete with foreign wrappers, and yet prices are forced down below the cost of production.

No true American asks to bring profit to the producer or manufacturer by forcing a reduction in the price of labor or by importing the cheap cooly labor of the East. In fact, Congress has already recognized the importance of protecting the American laborer against the importation of cooly contract labor. But how can such protection accomplish its purpose unless the products of this same cheap labor are made to pay import duties to an extent that will bring them up to a parity with the products of the better paid labor of our own country? This matter of increasing the duty on foreign-grown wrappers is much more than a question of profit or loss to the individual grower. It is becoming a question of life or death to an American industry which reaches over many of the most important agricultural States of this Union.

Were no foreign tobacco imported home competition in the production of tobacco would preclude the possibility of exorbitant profits to the producer.

It is grown successfully in the New England States. It is an important product of New York, Pennsylvania, and Ohio, and in the newer agricultural region of the great Northwest it is grown even more largely and successfully, Wisconsin having become the leading State of the Union in the production of cigar leaf tobacco. Were wrapper leaf found to be more profitable than other goods grown in the South, its production would undoubtedly be made successful there.

The production of tobacco requires heavy outlay in sheds and appliances on the part of the farmer. Many millions of dollars are thus invested which would be practically lost to the owners and the country if this industry were permitted to be destroyed. Without interference in behalf of the American producer by our national Congress this industry must be practically annihilated. With the measure of relief for which we ask the advantage in the cost of labor will still be with our foreign competitors. Even a much higher rate of duty would not be in effect prohibitory.

Permit us to remind you that the farmers of this country make comparatively few demands upon your time and attention. When their importance, either numerically or in the production of national wealth is considered it would seem that their special burdens of industry might properly claim your attention and consideration.

The farmer in himself represents both capital and labor. He is interested in the wise adjustment of all the questions affecting these two great and sometimes conflicting forces.

Tobacco is peculiarly an American product. It is a primitive American product. Its production dates from the earliest days of our country. In vast quantities it has gone abroad since long before our Government was established in exchange for gold and other commodities from foreign lands.

From America its production has spread to nearly every quarter of the globe. But the fact remains that it was native to our soil and that our lands and our climate have been peculiarly adapted to its growth. With these advantages we do not feel willing to permit the one advantage of cheap labor in a foreign country to rob Americans of an important old-time industry.

DISTILLATION IN VINEGAR FACTORIES.

Notes of a hearing before the subcommittee of the Committee on Ways and Means, consisting of Messrs. Harris, Breckinridge of Kentucky, and Browne of Indiana, on a bill to regulate the manufacture of vinegar made from grain.

WASHINGTON, D. C., March 11, 1886.

ALFRED H. BROOKS, internal-revenue agent in charge of the New York district, came before the committee.

Mr. BRECKINRIDGE, of Kentucky. Have you examined this proposed bill to regulate the manufacture of vinegar made from grain?

Mr. BROOKS. No, sir; I have not.

Mr. BRECKINRIDGE, of Kentucky. Tell us how the present law, under which vinegar is made by vaporization, works, and whether it is capable of being used as a fraud on the internal-revenue system, and whether, in point of fact, it has been used as a fraud.

Mr. BROOKS. Yes, sir; it is capable of being used as a fraud and has been so used.

Mr. BRECKINRIDGE, of Kentucky. How long have you been in the internal-revenue service?

Mr. BROOKS. My first experience was in 1866. I have been engaged in that service most of the time since 1876.

Mr. BRECKINRIDGE, of Kentucky. What has been your position?

Mr. BROOKS. First I was a revenue inspector, then a revenue detective, and now I am a revenue agent. My business has been examining distilleries and looking after frauds generally. At present I am assigned to the New York division, and am in charge of that division.

Mr. BROWNE. Are you the Mr. Brooks who was the revenue agent at the time when seizures were made in Indiana?

Mr. BROOKS. Yes, sir; I went down to the Evansville place. I was not at the seizure there, but I came down and investigated those cases.

Mr. BROWNE. Explain to the committee the process by which spirits are manufactured by these vinegar distillers.

Mr. BROOKS. Some of the distillers use molasses and others use corn for distillation. They are allowed to have a still on their premises and what are called condensers. If they have a condenser without a water jacket, they are allowed to have it covered, but if they have a water jacket it must be open at the top. A water jacket is cold water running around an empty vessel. They must have a large tub, inside of which they put a metal vessel, and leave a space for water. The vapor comes through a still through a pipe, and goes near to the bottom of the metal vessel, and there it is distributed in the condenser, where it is condensed. As soon as the vapor commences to rise from there, it is shut off; otherwise they would lose their vapor, which is alcohol.

Mr. BROWNE. Have you seized or examined any of the productions of those stills to know the proof at which spirits is made in them?

Mr. BROOKS. I have examined a good many of them. They can make proof spirits, and I do not know how high above proof they can get them. We have found spirits above proof in regular vinegar manufactories and very much above what it is made in the regular way. They do it in this way: They have usually four condensers, or can have that many if they want them. If they take the steam pipe off each charge and put it into, say, condenser No. 1, by the time that they are ready for the next charge the water running around the jacket has carried it off, so that after they have used condensers Nos. 2, 3, and 4, condenser No. 1 is capable of condensing again.

Mr. BROWNE. The spirits may reach as high as proof?

Mr. BROOKS. It may run above proof.

Mr. BROWNE. Take one of the ordinary vinegar establishments and state how much they can produce in this way.

Mr. BROOKS. That depends altogether upon the fermenting and distilling capacity. Some of them only distill a small quantity, say a few bushels. And some distill from one to two hundred bushels a day. It depends altogether upon their capacity how much proof spirits they can make.

Mr. BROWNE. What security has the Government, under the present law, against the illicit use of spirits made in the production of vinegar? How does the Government find out whether or not the spirits is honestly used in the production of vinegar?

Mr. BROOKS. Vinegar factories are not required to keep books showing the materials used in the manufacture of their stuff, as distillers are required to do. Vinegar factories are not required to keep accounts. The only security for the Government is that we have a right to go into these vinegar factories at any time to look around and see what they are doing.

Mr. BROWNE. Vinegar factories keep no books showing the amount of material used or the amount of spirits used?

Mr. BROOKS. No, sir.

Mr. BROWNE. Or the manner in which the spirits is employed?

Mr. BROOKS. No, sir; we have nothing to do but to watch them. If we suspect a vinegar factory of running off spirits we have to watch it, and it is pretty hard work, because they can employ more men to watch us than we can to watch them. If a vinegar man is going crooked, he works behind our men.

Mr. BROWNE. If you have detected any instances of illicit distillation in vinegar factories, please state what you know on that subject.

Mr. BROOKS. We have at times discovered them. We had a case recently—a case at Rutherford, N. J. About the 12th of January I received information that a party, whose name was given to me, was offering whisky in New York at 85 cents a gallon, which is five cents below the tax. After a while I ascertained where this man worked, and that he was connected with a vinegar factory. I did not know at that time that he was the proprietor of it. After watching him for some time and following his teams, we saw him deliver at night three barrels (45 gallons to a barrel) to a liquor place in Williamsburg. That was on Saturday night previous to the seizure. From that time we watched until the following Friday. On Friday morning he started out with two barrels. I met the driver at the Hoboken ferry, on the New Jersey side, and let him come to New York, expecting to catch the proprietor. When we got there we found that he had transferred the two barrels to a New York truck near the ferry. It was raining hard at the time. I got on the truck and bored holes in the barrels and found that they contained whisky 97 proof. The barrels were marked "Pure white wine vinegar." I took the three truckmen and the two trucks down, and I put the men in jail, and then I went to the vinegar factory. There, after a long search, we found that they had a pipe connected with a rubber pipe inside of the tube running at the bottom of it, and through a hollow log. It went through the weather-boarding and plastering of a bedroom; and under the bedroom flooring was a worm, and a cistern which received the whisky from the worm. They had four condensers, and the pipe leading to each one of them had a cock, and the thing was so arranged that all the vapor could be turned into the worm, and through the worm into the condenser, just as they pleased.

Mr. BROWNE. Is that the only instance in which you have made seizure in vinegar factories?

Mr. BROOKS. No, sir; there are other cases. We have information all the time about whisky being made in these places, but it is a very hard matter to catch them. Some of the people who started vinegar factories were formerly in the business of making illicit whisky.

Mr. BROWNE. You say it is difficult to discover whether they convert their whisky or not?

Mr. BROOKS. It is.

Mr. BROWNE. Can they hide the alcohol in the vinegar, and afterwards reclaim the alcohol from the vinegar?

Mr. BROOKS. They can reclaim anything in the vinegar that is not acidified. Anything that has been acidified in the manufacture of the vinegar they cannot get back.

Mr. BROWNE. Can they reclaim the alcohol after it is put into vinegar?

Mr. BROOKS. Not any that is used in the manufacture of the vinegar itself. But suppose they manufacture 100 gallons of 60-grain vinegar. After that is manufactured they can put in 21 gallons of proof spirits, and that is recoverable.

Mr. BRECKINRIDGE, of Kentucky. That is, the spirits which is used in the honest manufacture of vinegar, after it becomes acidified, cannot be reclaimed?

Mr. BROOKS. No, sir.

Mr. BRECKINRIDGE, of Kentucky. After the vinegar is made then they can put in spirits which can be afterwards reclaimed?

Mr. BROOKS. Yes, and I should have to pass it as vinegar, because the taste and

smell of the vinegar predominates. They can put 21 gallons of spirits into 100 gallons of 60-grain vinegar without our being able to detect it by our instruments.

Mr. BRECKINRIDGE, of Kentucky. What percentage would that be?

Mr. BROOKS. Twenty-one per cent.

Mr. BROWNE. And you cannot tell whether this 21 per cent. of spirits is in the vinegar or not, except from an analysis?

Mr. BROOKS. We have no instruments to detect it. The presence of the spirits can be shown by chemical test, but that would not show whether the quantity of spirits was great or small.

Mr. BRECKINRIDGE, of Kentucky. How would the spirits be reclaimed?

Mr. BROOKS. By redistillation. They can put it into a still and redistill it.

Mr. BRECKINRIDGE, of Kentucky. Explain the difference between the mode in which whisky is made in regular distilleries and the way in which it is made at these vinegar factories.

Mr. BROOKS. There is no difference in the way in which it is made except that the vinegar factories are not allowed a worm. They are only allowed this kind of condenser—a simple large tub where they can let the vapor go in and be condensed.

Mr. BRECKINRIDGE, of Kentucky. Is a worm absolutely necessary in the manufacturing of alcohol?

Mr. BROOKS. Alcohol cannot be made in these vinegar factories, but proof spirits can be made in them.

Mr. BRECKINRIDGE, of Kentucky. Can proof spirits be made by the same machinery (without the addition of the worm) which these factories have for making vinegar?

Mr. BROOKS. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. How high can this proof spirits go?

Mr. BROOKS. I have seen it as high as 102 in these vinegar factories.

Mr. BRECKINRIDGE, of Kentucky. And that can be done by the machinery which is now allowed them by law, without the addition of a worm?

Mr. BROOKS. Yes, sir.

Mr. BROWNE. What was the proof of the spirits that you seized in that New Jersey case?

Mr. BROOKS. It ran from 91 to 97—that is, from 9 below proof to 3 below proof. One hundred is the proof of spirits—that is, 50 per cent. water and 50 per cent. alcohol.

Mr. HARRIS. I would like to get your judgment as to the cost to these vinegar factories of the spirits as manufactured by the process you speak of.

Mr. BROOKS. The vinegar factories claim that they want from 14 to 17 per cent. of spirits for the manufacture of 40-grain vinegar, and from 20 to 23 per cent. of spirits for the manufacture of 60-grain vinegar—say 16 gallons to the 100 in the one case, and from 21 to 22 gallons to the 100 in the other case. I do not think that vinegar factories can get by their process as good a yield of spirits as they would get if they were allowed a worm. We have a good deal of trouble with these vinegar men. They are not allowed to cover their water jackets. If they have a simple tub they can cover it; but with a jacket, they are not allowed to use a cover. Still, the first thing that they see of vapor going off (that is, the alcohol) in the air, they always try to keep it covered up. Sometimes the proprietor (if he sees alcohol going off in the air) raises Cain with his employés, so that they try to cover it up. There is more or less lost in the process of making spirits in a vinegar factory beyond what there would be if they had a worm.

Mr. BROWNE. Do you know what the cost of the apparatus might be for running one of these vinegar distilleries? I mean to say the cost of that portion of it which is employed in the distillation of spirits.

Mr. BROOKS. The cost varies greatly. I know one vinegar factory in New York where I wouldn't give \$25 for the whole thing. The owner does not make much vinegar. You may go there a dozen times and they will say he is sick. If you ask when he ran his still last, they will say "six months ago;" but if you step on the still you find it hot.

Mr. BROWNE. Is there any part of the machinery of a vinegar factory that might be used in the regular distillation of spirits?

Mr. BROOKS. No, sir; except the condensers, and they would not want to use them.

Mr. BROWNE. They are an inexpensive part of the machinery?

Mr. BROOKS. They are not very expensive. Some of the vinegar factories use a galvanized iron kettle. Some of them use a copper kettle for these jackets. The tubs in which they put them cost, I suppose, about \$20 apiece.

Mr. BROWNE. Suppose these vinegar factories were not permitted to use this machinery in their business as they now are, to what extent would that be a loss to them? If they were required, for instance, to buy spirits of a distiller?

Mr. BROOKS. They would have to throw away their stills and condensers.

Mr. BROWNE. Do you think there would not be a market for them?

Mr. BROOKS. No, sir; not very much of a market for them.

Mr. BRECKINRIDGE, of Kentucky. What would be the difference in price between the spirits that they would use if they had to purchase it, and the cost of the spirits as they now make it by the vaporization process?

Mr. BROOKS. If they bought their spirits in market free of tax, the difference would be very light. I do not think that the vinegar men will average much over 3 gallons of spirits to the bushel of corn, while a distiller will average nearly 4 gallons— $3\frac{8}{10}$ gallons.

Mr. BROWNE. Suppose the vinegar factories did not make their spirits themselves, but bought it, would they lose anything by that? In other words, can they not buy their spirits in the market (if it is tax free) as cheaply as they can produce it honestly?

Mr. BROOKS. There would be a very trifling difference in the cost to them if they bought it in the market tax free.

Mr. BRECKINRIDGE, of Kentucky. With the facilities they now have, what is the difference between the cost of the spirits which they now make and what would be the cost to them if they bought it in the market free of tax?

Mr. BROOKS. The corn costs them 45 cents a bushel in New York, and they produce 3 gallons of spirits to the bushel of corn. That would be 15 cents a gallon. I do not know what the market price of spirits is, but the market price would govern the price to them.

Mr. BROWNE. You do not comprehend the question. These vinegar factories now make themselves the spirits which they employ. They have to pay for their material and for their labor, and it costs them so much if they make it.

Mr. BROOKS. Yes.

Mr. BRECKINRIDGE, of Kentucky. They do not use their offal?

Mr. BROOKS. They do sometimes. They sell their slop.

Mr. BROWNE. If they make the spirits themselves, it costs them so much for material, labor, &c.

Mr. BROOKS. Yes.

Mr. BROWNE. Suppose they have to buy the spirits from the distiller, who makes it by the other process and gets a larger product from the same quantity of grain; can the vinegar distillers produce it more cheaply than they can buy it?

Mr. BROOKS. I do not think there would be any difference probably. I should suppose they could buy the spirits (without tax) as cheaply as they can make it in the way they have to make it under this law, because, under those conditions, they cannot get the yield from a given quantity of grain that the distiller can get.

Mr. HARRIS. So that you think there would be no material difference in the cost of the spirits which these vinegar factories consume, whether they were allowed to make it themselves or whether they had to buy it in the market free of tax?

Mr. BROOKS. If free of tax, I do not think there would be much difference.

Mr. HARRIS. And I understand you to say that there is from 17 to 21 per cent. of alcohol in vinegar?

Mr. BROOKS. I say that for 40-grain vinegar they use from 14 to 17 per cent. of spirits, and for 60-grain vinegar they claim to use from 20 to 23 per cent.

Mr. BRECKINRIDGE, of Kentucky. How do these vinegar factories get their spirits marketed?

Mr. BROOKS. You mean when they run crooked?

Mr. BRECKINRIDGE, of Kentucky. Yes.

Mr. BROOKS. These fellows that we caught getting it into market had their barrels marked "Pure white wine vinegar." The barrels outside had all the appearance of being vinegar barrels. I tried to get an indictment against the man who hauled it from the vinegar factory, but the grand jury threw out the indictment on the ground that the man might not know what was in the barrels.

Mr. BRECKINRIDGE, of Kentucky. Did you trace it back to the vinegar distillery?

Mr. BROOKS. Yes, I traced it to the right place, and I found the underground apparatus.

Mr. BRECKINRIDGE, of Kentucky. Have any steps been taken to break up that vinegar factory?

Mr. BROOKS. It was seized that same afternoon. The proprietor of the establishment never came back.

Mr. BRECKINRIDGE, of Kentucky. When they put this 21 gallons of spirits into 100 gallons of vinegar as you have stated, how do they re-distill that without being discovered?

Mr. BROOKS. They have to take it to the rectifying establishment. Under the law a grocer can have a still for re-distilling his stuff, the same as any other rectifier; and if a man brings 100 barrels of vinegar into a grocery, nobody thinks anything of it.

Mr. BRECKINRIDGE, of Kentucky. And after the spirits is taken out of the vinegar, is the vinegar lost?

Mr. BROOKS. After they take out the 21 or 23 gallons of spirits that is in it, I would not undertake to say whether the vinegar that is left is good vinegar.

Mr. HARRIS. Do all of these rectifiers have stills and worms?

Mr. BROOKS. Not all of them. They used to have.

Mr. HARRIS. Any one who has a still and a worm can reclaim the spirits out of the vinegar?

Mr. BROOKS. Yes. The men who make essences, for instance, extract the flavors from them by way of the alcohol. All these roots that they have ground up contain a certain amount of alcohol, and as it is tax paid, it is valuable, so they dump them into a still and get back nearly all the spirits.

Mr. BRECKINRIDGE, of Kentucky. What is the average price of the vinegar made at these places?

Mr. BROOKS. The last I have heard about prices was that they were selling 40-grain vinegar in New York at 7 cents per gallon.

Mr. BRECKINRIDGE, of Kentucky. What do you suppose is the average cost of a gallon of spirits made in these vinegar factories?

Mr. BROOKS. That depends upon the price of the grain. I should think the average price per gallon would run in the neighborhood of 20 cents, because the yield of spirits to the quantity of grain is not so great with the machinery they are permitted to use.

Mr. BRECKINRIDGE, of Kentucky. You think, however, that a gallon of spirits does not cost them more than 25 cents?

Mr. BROOKS. I do not think so. It depends altogether upon the price of corn.

Mr. BRECKINRIDGE, of Kentucky. You think that 25 cents a gallon would be a very full estimate?

Mr. BROOKS. Yes, a pretty liberal one.

Mr. BRECKINRIDGE, of Kentucky. So that if they can make spirits at 25 cents a gallon and market it at 85 cents, they would be doing a good business?

Mr. BROOKS. Yes, they would be doing a good business, the tax on whisky alone being 90 cents a gallon.

Mr. BRECKINRIDGE, of Kentucky. Has this business increased much in its proportions since the act of 1879 on that subject was passed?

Mr. BROOKS. There are more vinegar factories now than there were then. Of course all the men carrying on a legitimate business in making vinegar were forced to go into it and to do the same as these other people in order to compete with them. They could not go and buy tax paid spirits and compete with the vinegar factories that were getting the spirits without paying the tax.

Mr. HARRIS. I infer from your general remarks that one of the effects of this new method of making vinegar has driven out, to a large extent, the manufacture of pure white wine vinegar?

Mr. BROOKS. Of course it has made greater competition.

Mr. HARRIS. Is the use of this vinegar made under the present process deleterious to public health?

Mr. BROOKS. I do not think that the wash which the vinegar factories make in this way is as pure as if they were allowed a worm. There is more verdigris in it. A vinegar man spoke to me about it the other day, and said there was too much verdigris in it.

Mr. HARRIS. What is the relative cost of production of the pure cider vinegar and the cost of this modern chemical compound that you speak of?

Mr. BROOKS. That depends upon the apple crop and the price of apples.

Mr. HARRIS. Give us a general idea. You are in the business of inspection and inquiry.

Mr. BROOKS. I have not lately paid much attention to ciders and do not have anything to do with them.

Mr. BROWNE. The Good Templars attend to the cider branch of the case?

Mr. BROOKS. Yes, sir.

Mr. BUTTERWORTH (a Representative from the State of Ohio). Have you studied this question with reference to ascertaining whether the manufacture of vinegar out of spirits can be secured under conditions which would provide against fraud—for instance by permitting vinegar factories to obtain their spirits from distillers? Do you think that would be practicable?

Mr. BROOKS. I think so. I think the most of the vinegar manufacturers would be satisfied with that if they had the spirits free of tax. I have talked to some of the men in that business, and they say they would rather have it in that way—they would rather go back to the old system if they got the whisky free of tax. In the old way they had to buy the spirits on the market.

Mr. BUTTERWORTH. The object of engaging in this process under the Carlisle bill was that the vinegar factories might be able to utilize spirits in making vinegar without having to pay the enormous tax on the spirits?

Mr. BROOKS. Yes.

Mr. BUTTERWORTH. So that if they could get spirits and utilize it in the manufacture of vinegar without paying the tax on the spirits, they would be satisfied?

Mr. BROOKS. That is all they want.

Mr. BUTTERWORTH. And you think that in this way they will have all the advantages they ought to have consistent with safety to the public revenue?

Mr. BROOKS. I should think so.

Mr. BRECKINRIDGE, of Kentucky. If it be true that they can hold 20 per cent. of spirits in a gallon of vinegar, what provision ought to be put into a law so as to see that only a particular amount of spirits (purchased without tax) is put into the vinegar?

Mr. BROOKS. It would be necessary to put a restriction on the quantity of spirits to be used. They would have to show, I presume, that they used the spirits properly in order to get a rebate. They would have to show how much vinegar was turned out; and you could then tell whether they were using the right proportion of spirits to the quantity of vinegar they were making.

Mr. BRECKINRIDGE, of Kentucky. The way it is expressed in the bill is this: Every person engaged in the business of manufacturing vinegar from distilled spirits is required to make an affidavit setting out "the estimated quantity of vinegar in gallons at a given strength which can be produced at his factory or establishment every 24 hours, and the estimated quantity of distilled spirits in proof gallons required for the manufacture thereof." Would that be substantially enough?

Mr. BROOKS. That would be equal almost to a survey of the place; and if they were to use a greater quantity of spirits than was necessary, that would show in the quantity of vinegar turned out.

Mr. HENDERSON (a Representative from the State of Iowa). Have you been in the employment of the Internal Revenue Bureau since the act of 1879 was passed?

Mr. BROOKS. Yes.

Mr. HENDERSON. How many vinegar establishments have you seized yourself during that time for violations of internal-revenue law?

Mr. BROOKS. I do not recollect any others.

Mr. HENDERSON. Then as to your officers: how many vinegar factories have been seized since that time by the officers under you?

Mr. BROOKS. Do you mean directly under me?

Mr. HENDERSON. Yes; so that the seizures came within your knowledge officially.

Mr. BROOKS. One or two. This place that I was talking about in New Jersey had been seized before with an underground worm. This was the second seizure of that establishment, only that the first time it was run by other people. This man who had it when I made the seizure had only had it about six months.

Mr. HENDERSON. Was there any other seizure?

Mr. BROOKS. There was a seizure of one place across the Harlem River, in the twelfth district.

Mr. HENDERSON. Do you live in New York?

Mr. BROOKS. I live in Newark, N. J.

Mr. HENDERSON. Therefore, since the act of 1879 was passed, you and your men have had two different vinegar factories seized?

Mr. BROOKS. Maybe more than that.

Mr. HENDERSON. That is all that you remember now?

Mr. BROOKS. That is all that I now remember, but there may be more.

Mr. PAUL BECHTNER, of Milwaukee. You stated that, in your opinion, one-half vinegar and one-half of proof spirits can be removed without detection.

Mr. BROOKS. No, I did not say that. I say that they can carry away in 60-grain vinegar about 21 per cent. of spirits, and that we have no instrument which will determine the fact. If I were to stop that vinegar on the road and seize it, I would pass it for vinegar.

Mr. BECHTNER. Do you say this from practical experience.

Mr. BROOKS. Yes.

Mr. BECHTNER. Have you ever mixed these quantities of spirits and vinegar and tried it?

Mr. BROOKS. I have mixed them and have redistilled the spirits, and have it now in my office in New York.

Mr. BUTTERWORTH. The people whom I represent are interested both in whisky and in vinegar. I ask you whether the main reliance of the Government against fraud is not upon the honesty of the vinegar manufacturers, rather than on any possible means of discovering fraud?

Mr. BROOKS. Upon the honesty of the manufacturers more than anything else. There are some men engaged in the vinegar business whose places I would not think of visiting, but there are others whom I suspect all the time of being crooked.

Mr. HENDERSON. And they would be crooked under any circumstances?

Mr. BROOKS. Yes, sir. They were not in the vinegar business until after this law was passed.

Mr. MOULTON, of Illinois (counsel for the distilling interest). How many vinegar factories have you inspected in your time?

Mr. BROOKS. I am inspecting them all the time in New York and Brooklyn.

Mr. MOULTON. How many vinegar factories have you in that division?

Mr. BROOKS. Fifteen or sixteen.

Mr. MOULTON. And your seiznres have been two or three of that number.

Mr. BROOKS. Yes.

Mr. BRECKINRIDGE, of Kentucky. If a vinegar maker bought his spirits tax paid, how would his vinegar compare in cost with the manufacture of cider vinegar?

Mr. BROOKS. I do not know. With the 90 cents a gallon tax on whiskey, he would have to pay \$1.15 in New York for the spirits. The cost of cider vinegar would depend altogether upon the apple crop and on the price of apples and cider.

Mr. BRECKINRIDGE, of Kentucky. You do not know whether the use of tax-paid spirits would make white-wine vinegar so expensive as that it could not enter into fair competition with cider vinegar?

Mr. BROOKS. The cider-vinegar men, I suppose, would have an advantage over the vinegar men who used tax-paid spirits.

Mr. MOULTON. Do you know how many vinegar factories have been worked in Brooklyn since the passage of the act of 1879, and whether any vaporization or concession was allowed to them prior to 1879?

Mr. BROOKS. They were not allowed to vaporize. Prior to that time there was quite a number of seiznres made for vaporizing mash in vinegar factories. As to how many vinegar factories have started since the passage of the law I am not prepared to say. I know several men who were engaged in illicit distilling prior to that act who are now in the vinegar business.

STATEMENT OF MR. G. W. WILSON.

Mr. G. W. WILSON, of Hamilton, Ohio, next came before the committee. He said: My experience in this matter, gentlemen, is simply corroborative of what Mr. Brooks has already stated. It has been of the same character as his, but in a different part of the country, with the exception of a short period of time when I was with him.

Mr. BROWNE. State how long you have been engaged in the internal-revenue service.

Mr. WILSON. I have been connected with the internal-revenue service some 17 years (up to 60 days ago) as a ganger, a special, and an agent. The practical experience that I have was largely gathered at Cincinnati and vicinity. There were three seiznres, I think, in which I was connected there, directly and indirectly—cases in which spirits had been produced at these vinegar factories. We found from 20 to 45 per cent. in stock after the places were seized, and we found the implements and apparatus by which the spirits were made. These are general contrivances, simple in their character (primitive, if you please), which will admit of an encroachment in the instruments or implements restricted by the regulations of the Department. For instance, they make a higher percentage of spirits than they would be able to obtain by the water jackets which Mr. Brooks has spoken of; and instead of complying with the regulation that provides that they must convey the vapor from the still to the water-jacket by the shortest possible process, they do convey it from the vapor-pipe to rubber hose (if you please) laid in a trough, of the shape of a V. They lead the hose to a jacket and have a continuous flow of cold water, or adopt any plan to bring the vapor in contact with the cooling process before it reaches the water-jacket. Thus the water in the jacket would last that much longer, so as to take up the vapor and get a larger percentage in that way. Another way was to make a pipe within a pipe. This was done at the Rinkey place in Cincinnati. The big pipe had the vapor in it, and the little pipe ran within the big pipe, charged with cold water. That was applying the vaporizing process before it reached the jacket. There we found spirits 40 odd per cent. in strength. Another place we found last year in Covington, Ky. I went to examine it. It is the largest vinegar factory there. I found that the vapor-pipe was a good-sized one before it reached the surface of the water, but below the surface of the water there was a neck on it, and it could be enlarged [illustrating] where it went into the water. They had a large cold-water tank on the top of the house, to which was attached an inch-and-a-half iron pipe. This iron pipe came down charged with the pressure of water upon it, and running into the side of this enlarged end of the vapor-pipe here. [Illustrating]. In other words, they just inverted the process of condensing spirits. Instead of having the spirits in the small pipe and the water in the big pipe, they put the water in the small pipe and the vapor in the big space, and that enabled the vinegar factory to discharge a flow of spirits, I think, in the neighborhood of 20 per cent. strong, continuously. It ran right along. I stood there and watched it for an hour, and it never ceased to run.

Mr. BUTTERWORTH. They were allowed to run 20 per cent. proof spirits, were they not?

Mr. WILSON. That is the only regulation, and I think that is a serious defect of this statute. The statute is very simple in its methods.

Mr. BRECKINRIDGE, of Kentucky. It seems to me that this whole matter is very well regulated by the process you point out.

Mr. WILSON. There is no criminal offense attached to the violation of the law, except the spirits made in a vinegar factory is conveyed away. For instance, they may make any percentage of spirits that they desire in a vinegar factory and the Department has no remedy against it.

Mr. BRECKINRIDGE, of Kentucky. Twenty per cent. proof of alcohol is what proof of whisky?

Mr. WILSON. Twenty per cent. of proof spirits is about 10 per cent. of alcohol. As to the modes by which those men practice these frauds in vinegar factories, they are similar to what Mr. Brooks has described. One of these men used a large rubber pipe, and applied cold water to condense the vapor. Another used a jacket within a jacket. Another ran a secret pipe through a log, covered in water. It was rather a layer of wood than a log. They get up different devices to fool the officers and "beat" the regulations.

Mr. MOULTON. What percentage of alcohol do they use in making vinegar?

Mr. WILSON. Mr. Brooks stated that, and my observation and practice do not differ from his. At one time we undertook to make a practical demonstration of how much proof spirits they could get into vinegar without the Government instruments indicating that spirits was in the vinegar.

Mr. MOULTON. I want you to state the amount of alcohol, or proof spirits, that can be used in the manufacture of vinegar.

Mr. WILSON. From 14 to 17 per cent. spirits makes from 40 to 60 grain vinegar. As to the amount so used in the United States I have no data on which to predicate an opinion.

Mr. BUTTERWORTH. What disadvantage would it be to the vinegar men to deprive them of the right of manufacturing their own spirits if they were permitted to use spirits free of tax made in distilleries?

Mr. WILSON. I do not think that it would materially hurt the vinegar industry at all. Neither do I think that it would increase the price of vinegar to any material extent. I think that if the statute allowed them to withdraw spirits free of tax for the purpose of making vinegar, and required them to register the amount of spirits so withdrawn, the producing capacity of their generators, the amount of vinegar made and sold, and to whom, with the dates, there would be no danger to the revenue. I think it could be regulated in that way, and be a decided and great benefit to the Government. In my opinion it would not affect the vinegar industry in this country nor increase the price of vinegar to the consumer.

Mr. BROWNE. Suppose the vinegar manufacturers were required to report the places of manufacture and their vinegar-producing capacity, and were required to keep books stating the amount of material which they use, the amount of their vinegar production, and the amount of spirits which entered into it, and were then required to state when the vinegar was sold, to whom, and the quantity sold, and to keep their books all the time open for the inspection of the revenue officer, and were required to make returns at stated periods, and to have their establishments always subject to examination by the revenue officer; would that constitute, in the first place, security to the Government, and would it, in the second place, increase the cost to the Government of superintending these vinegar factories?

Mr. WILSON. It would not materially increase the cost to the Government. The uncertainty with which these men carry on their business (making frequent visits of the revenue officer unnecessary), and the uncertainty of the information and data obtained is very great. If you go to one of those places your eye and your judgment is your market, and you have nothing else to go by. If a man goes into one of these large vinegar establishments in Cincinnati (not very large either) to examine it, he would be almost paralyzed in seeing perhaps a thousand barrels in a row. If he asks what they contain, he is told cider and vinegar. The barrels are three or four tiers high, with no order about them. A man cannot get at them, and cannot investigate them. It is an impracticable thing, in the present condition of the law; whereas, if the returns you speak of were required the officer would go there and get those returns, and it would not be long before the revenue department would get such data that it could determine whether there were irregularities and frauds perpetrated. They could be detected just as well as frauds can be detected now in a brewery or distillery.

Mr. BROWNE. If these returns were required, would the visitations of the revenue officer have to be more frequent than they are now, or less frequent?

Mr. WILSON. I think they would be about just the same. An officer has to pay monthly visits now to these vinegar factories, and the same officer could do the same thing better, and with less loss of time, in a methodical way than he can now in the irregular bushwhacking manner in which he has to do it.

Mr. HARRIS. In other words, you would subject those vinegar factories to the same organization as distilleries are subjected to, I suppose?

Mr. WILSON. Yes; with the exception of store-keepers.

Mr. HENDERSON. Would not the presence of a store-keeper at these vinegar factories be a protection under the present system?

Mr. WILSON. Not without these other safeguards being connected with it.

Mr. BROWNE. That would be governed a good deal by the honesty and integrity of the store-keeper?

Mr. WILSON. Yes. As it is now, a store-keeper might be in a vinegar factory without any benefit to the Government, because the proprietor and the store-keeper could fix matters up; whereas with the returns required that have been spoken of, that could not be done.

Mr. HARRIS. You do not believe that there is any method by which the Government can be protected against fraud in these vinegar factories, except by subjecting them to the same rules and regulations that are applied to regular distilleries?

Mr. WILSON. I do not.

Mr. HENDERSON. Do you mean to be understood in answering that question in the negative, that it is not easier to prevent fraud in an establishment where they are not allowed to use a worm for distilling purposes than in an establishment where they are allowed to use a worm?

Mr. WILSON. I do not mean to answer in that way. I assent to the affirmative, provided vinegar factories are subjected to the same conditions as a distillery is subjected to, besides the store-keeper.

Mr. BUTTERWORTH. That is, that the cider factories shall keep regular account of their business?

Mr. WILSON. Yes.

Mr. HENDERSON. You mean, of course, that every additional safeguard makes the matter additionally safer?

Mr. WILSON. Yes.

Mr. HENDERSON. If you were a store-keeper in a vinegar factory where they were not permitted to use a worm, do you think they could carry on illicit distillation in that establishment without your knowledge?

Mr. WILSON. No, sir, they could not—if you apply the question to me individually.

Mr. MOULTON. What regulations has the distiller to observe in a general way?

Mr. WILSON. In the first place, a distiller is required to make a full registration and to release his premises and property to the Government, in case certain conditions are violated. He gives a bond for the faithful observance of the regulations. Then an officer is placed on the premises. Every bushel of grain that comes into the premises is weighed and entered up against him, and every bushel of grain that he uses he is credited with. The production which he makes from the grain he is charged up with, and it is entered into the warehouse, or is entered tax-paid, as the case may be. At the end of certain periods the officer is required to take an inventory of the grain that is left. In that way the account is kept practically straight; and I say that the same regulations would effect the same thing at a vinegar factory.

STATEMENT OF MR. PAUL BECHTNER.

Mr. PAUL BECHTNER, of Milwaukee, secretary of the National Vinegar Makers' Association, addressed the committee. He said:

Mr. Chairman and Gentlemen: Before coming here I supposed that the question to-day would be upon the bill introduced by Mr. Breckinridge, No. 3973. Our association adopted a remonstrance against that bill; but, on coming here to-day, I learned that the bill now under consideration is another bill altogether. Still I ask leave to read this protest, as all its conditions apply to the new bill.

Mr. BRECKINRIDGE, of Kentucky. That is true in one sense. The bill referred to the committee is a bill introduced by me in the House. This bill is a proposed substitute to the one which I introduced, but both bills are under consideration.

Mr. HENDERSON. Who proposed this substitute?

Mr. BRECKINRIDGE, of Kentucky. This substitute bill has been partly prepared by the Internal-Revenue Bureau, it being the rule of the committee first to submit any bill relating to one of the Departments to that Department so as to get its views upon it. That having been done in this case, the Department prepared this substitute bill and sent it to the committee as its preference; and then by order of the main committee (as it is a pretty long bill) it was ordered to be printed so as to make it more easy of consideration.

Mr. BECHTNER. With your permission, I will read this protest.

The protest is as follows:

To the honorable the Committee on Ways and Means:

The undersigned manufacturers of vinegar, under the provisions of the act of March 1, 1879, must respectfully but earnestly protest against the passage of bill No. 3973, or any bill contemplating the repeal of the act of March 1, 1879, now before you for consideration, for the following reasons:

The act of March 1, 1879, has been in practical operation for seven years and has proved itself beneficent to the people of the United States, both from a commercial and a sanitary standpoint.

By expelling from the market all impure and adulterated vinegars, which prevailed to a great extent before its passage.

By affording the best and purest vinegar at the lowest price possible, thereby cheapening and improving in quality all classes of goods, such as pickles, vegetables, meats, &c., usually put up in vinegar.

By preventing the importation of foreign vinegars and enabling the American manufacturer to compete in the markets of the world.

By enabling vinegar manufacturers to make compressed yeast, it has tended to break the monopoly formerly existing in this commodity, and to decrease the price of same to the consumer.

The enactment of the bill before you would increase the price of vinegar and thereby place a premium upon adulteration.

It would re-establish the compressed-yeast monopoly, and would benefit only the distillers of spirits, by affording them a market for the sale of their production, by again giving them the monopoly in the manufacture of compressed yeast and in the residue of distillation usually sold for feed.

It would benefit the cider-vinegar manufacturer, as the price of cider vinegar would advance with the increase in price of spirit vinegar.

It would, however, virtually place a tax upon the people of this country for the exclusive benefit of these parties, and would destroy our property which we have invested to comply with the law, relying upon the good faith of the Government.

We hold that public policy does not demand the repeal of the law of 1879; that the violations of its provisions have been remarkably few, and that if in your opinion further safeguards for the protection of the revenue system should be placed about the manufacture of vinegar, such can be done without injustice to us, and the good offices of the existing law retained for the benefit of the people. We are not adverse to such legislation, and have ourselves proposed and even demanded it from Congress in past years, but our efforts in this direction have always been thwarted by the very men who are now, as they have been for the past several years, clamoring for a repeal of the law in order to serve their own mercenary purposes.

(Signed): Lange & Trillich, New York City; F. Foehrenbach & Co., New York City; James Barker, New York City; B. F. Gentsch & Son, Buffalo, N. Y.; F. & J. Heintz, Pittsburgh, Pa.; Philadelphia Vinegar Co., Philadelphia, Pa.; Williams Bros., Detroit, Mich.; Gersting & Co., Detroit, Mich.; Highland Vinegar and Pickling Co., Highland, Mich.; Hartland Mfg. Co., Hartland, Mich.; R. F. Williams, Cleveland, Ohio; F. Miller & Co., Cincinnati, Ohio; Geo. C. Ware, Cincinnati, Ohio; Rahn & Co., Bloomington, Ill.; C. E. Meyer & Co., Freeport, Ill.; Pruessing Vinegar Co., Chicago, Ill.; Wm. Bunge, Chicago, Ill.; Spielmann Bros., Chicago, Ill.; Wm. Henning, Chicago, Ill.; Wm. Laedecka, Chicago, Ill.; C. M. Forster Vinegar Mfg. Co., St. Louis, Mo.; Alden Bros. Co., St. Louis, Mo.; Buecking Vinegar & Cider Co., Kansas City, Mo.; Geo. M. Pickarts, Leavenworth, Kans.; James Cushing, Dubuque, Ia.; John Glab, Dubuque, Ia.; Amazon Vinegar & Pickling Works, Davenport, Ia.; Mennig & Slater, Des Moines, Ia.; Sioux City Vinegar and Pickling Co., Sioux City, Ia.; Breeht & Son, Cedar Rapids, Ia.; H. Riedeburg & Co., Milwaukee, Wis.; Dahinden & Gallash, Milwaukee, Wis.; American Vinegar Works, Milwaukee, Wis.; Roth Manufacturing Co., Milwaukee, Wis.; Paul Bechtner Company, Milwaukee, Wis.; A. M. Richter, Manitowoc, Wis.; Northwestern Vinegar Works, St. Paul, Minn.; Lewis Elmer & Sons, Baltimore, Md.; Price & Lucas, Louisville, Ky.; Ahlers & Co., Covington, Ky.

Mr. BECHTNER. Previous to the enactment of the law of 1879 vinegar was made to a great extent from grape, sugar, and glucose, because to make vinegar from tax-paid spirits would make it cost more than if made from glucose. The manufacturers of vinegar sought cheaper materials and found them in glucose, and sometimes in the adulteration of pure vinegar by the means of mineral acids to the detriment of the public health, and in all cases to the detriment and injury of the commerce of the country, by furnishing an inferior article of vinegar for the preservation of fruits, vegetables, meats, &c. The condition of things was one where a vinegar manufacturer who desired to conduct the business honorably and respectably could hardly exist in competition with dishonest and disreputable parties. As a result, one vinegar manufacturer, Mr. James Cushing, of Dubuque, decided on a remedy. He applied to

Congress, and after a discussion and a careful consideration of the matter on the part of Senator Allison, of Iowa, and the member of Congress from Dubuque, and after submitting the matter to the Commissioner of Internal Revenue, Mr. Raum, this bill became a law. It had hardly become effective when, in 1880, already the distillers opened a war upon it. They appeared before this committee and declared that the law must be repealed unconditionally; that there was no way of protecting the revenues of the Government except by repealing the law and compelling vinegar manufacturers to buy from them tax-paid spirits, the same as spirits was bought from them for all other technical purposes. We were represented here by a delegation, and fearing at that time ourselves that we might be hampered by illicit competition (I mean that there might be men who would attempt under cover of this law to make illicit spirits, and thus injure us in our business by being able to sell their vinegar for less money than we could sell ours, manufacturing it honestly), we demanded of the committee, as a protection to ourselves, that further restriction should be placed upon vinegar manufacturers. Mr. Carlisle, who was then chairman of the subcommittee, conferred with the Internal-Revenue Bureau, and a bill was drafted providing for a storekeeper in vinegar factories. That bill was never passed, because, as we have good reasons to believe, it was interfered with by the distillers. And for what purpose? Because so soon as our business became permanent under a law of this kind, the only charge which they have ever had against us, or ever will have (that of the possibility of fraud in vinegar factories), would fall to the ground, and there would be no opportunity of their regaining the sale of spirits to vinegar factories.

The following year, in 1881, they appeared here again; but at that time they had joined to them another power—the cider-vinegar interest of New York State. At that time the act of 1879 had become more operative. More vinegar had been made under its provisions. The people of the country had recognized the fact that the vinegar was equal, if not superior, to any other vinegar. The sale of it had become large, and the cider-vinegar manufacturers, who before (when tax-paid spirits were used and vinegar sold for 18 cents a gallon) were able in competition to charge 20 to 25 cents a gallon, were compelled to lower the price of their product to that of ours. They came here and they did not tell the Committee of Ways and Means that these were the reasons which influenced them; but they cried fraud. They said, "There is going to be fraud in these vinegar factories and you must make them buy tax-paid spirits, or the revenues of the Government will be defrauded, and we cannot compete with them because they are making illicit spirits now, and selling the vinegar so cheap on that account." We appeared here again, and again we proposed a storekeeper. I stated before the committee at that time that the bill then pending was drafted with a desire to place our business on a safe and sound basis; that we desired to prevent fraud in the vinegar business because fraud would be more injurious to us than anybody else, and that, therefore, we earnestly and urgently desired that the bill should be passed as soon as possible, and that its provisions and restrictions should be made as stringent as was consistent with justness and fairness. A gentleman, who is present here to-day, I believe, was then present on the part of the distillers, and read a memorial, called a supplementary memorial, to the Committee of Ways and Means. He demanded nothing else than a repeal of the law, and said that the Government could not police this whole country, and that the revenue could only be protected by restricting the manufacture of spirits to distillers.

In 1882 they came after us again. We appeared again before this committee and argued the question as we have to argue it here to-day, and again we were successful. I think it was in the fall of 1883 that Senator Miller, of New York, introduced an amendment to a tariff bill in the Senate, and by our not having observed the thing properly, that amendment was passed in the Senate. I think it was on a Saturday afternoon that it was passed, while the Senate was sitting as a Committee of the Whole, and on the following Monday, in consequence of explanations to Senators, the question was reconsidered and the amendment was struck out. In the following year Senator Miller again introduced a bill asking nothing else than an unconditional repeal of the law of 1879 and a return to the old way of compelling vinegar manufacturers to buy spirits with the entire tax paid. A bill was introduced simultaneously in the House of Representatives, and on April 1, 1884, we brought before the Finance Committee of the Senate a protest against Senator Miller's bill. Our opponents had had a full and complete hearing on a previous occasion on January 30. Some of the gentlemen who were present then are here to-day. We appeared on the 1st of April before the Committee on Finance with our protest. There were nine members of the committee, and seven of them voted against the Miller bill and two voted for it. So we have for us a record showing that the matter has been in the past duly and fairly considered; that we have in the past at all times (as we do to-day) not stood in the way of (but have desired) a surveillance of vinegar factories if it be deemed necessary by the Government. And we have not received it, simply because it was opposed by the distillers and the cider-vinegar men and the compressed yeast manu-

facturers, because if the law once became permanent in that shape, the ends at which they were aiming then and are aiming to-day would be forever lost to them.

Mr. HENDERSON. Who are the leading compressed yeast manufacturers of the country?

Mr. BECHTNER. Fleischman & Co., Cincinnati.

Mr. BRECKINRIDGE, of Kentucky. They make whisky in Cincinnati, too?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. And also make vinegar there under your process?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. So I suppose the Representative from Cincinnati is entirely impartial in this matter?

Mr. BECHTNER. I hope so. I have explained to you why the distiller should desire a repeal of the law of 1879 for his own mercenary motives, and why the cider-vinegar manufacturers should also desire it. Now, we will see why the compressed yeast manufacturer desires it; and I say here that in all those years, although the yeast manufacturer has never come to the surface, he has been the power behind the throne in every attack made against this law.

Mr. BUTTERWORTH. The opposition to the act of 1879 does not contemplate the abolition of your process for making vinegar, but proposes to substitute non-taxed spirits for spirits made in vinegar factories?

Mr. BECHTNER. It contemplates a total destruction of our process.

Mr. BUTTERWORTH. I do not so understand it.

Mr. BECHTNER. It contemplates compelling us to buy our spirits of the distiller.

Mr. BUTTERWORTH. It does not propose to interfere with the manufacture of vinegar by your process, except that instead of allowing you to produce your own spirits, you should buy it of a distiller without paying taxes?

Mr. BECHTNER. Yes, and the result is of course that the distiller becomes the producer of the alcohol and has the profit. All of these distillers are in a combination or pool to get more than the legitimate price for their goods.

Mr. BROWNE. I am glad to know that they are able to fix a price for their goods, for they have been complaining of losing money.

Mr. BECHTNER. If Congress were to pass this bill, the revenue department would obtain no profits from it. On the contrary, it would not only entail an expense upon the Government, but the people who use vinegar would be compelled to pay to the distillers a profit on their spirits which they have not to pay under the present law.

Mr. BROWNE. Do vinegar men ever get into a pool?

Mr. BECHTNER. No, sir; we have an organization to preserve us against oppressive legislation, but nothing else.

Mr. BRECKINRIDGE, of Kentucky. If this bill were passed, vinegar manufacturers could go to work and build distilleries of their own?

Mr. BECHTNER. Certainly. But in my case, for instance, I have invested all the money I possess in this business of making vinegar, and if I am told to-morrow that I must go and buy my spirits from a distiller, the profit that I have from the business is to a great extent destroyed.

Mr. BRECKINRIDGE, of Kentucky. Could not one of those vinegar factories be changed substantially into a distillery by the addition of a worm?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. Then all that the vinegar maker would have to do would be to add a worm to his machinery?

Mr. BECHTNER. Very true; but the law provides that a vinegar factory must be at least 600 feet from any distillery; consequently we could not make a distillery out of a vinegar factory as the law is to-day.

Mr. BROWNE. That ought to be the case. If spirits are distilled for a vinegar factory they should be distilled as far from the vinegar factory as they are now required to be distilled from the rectifying establishment.

Mr. BECHTNER. As to the question why the compressed yeast manufacturers are opposed to the act of 1879, the business was in the hands of Gaff, Fleischman & Co., of New York, and they were the exclusive manufacturers of compressed yeast in this country until a few years ago, when a factory in Chicago, the Riverdale Distilling Company, managed to get a trade against them. Up to that time Gaff, Fleischman & Co., by means of their immense capital, had suppressed every attempt to compete with them. They had suppressed the large and the small. They had ruined men and driven men to desperation by their cruel practices. This Riverdale Company at last got a foothold in the trade, and afterwards some few others. Since the passage of the act of 1879 the vinegar factories began to make compressed yeast, and as a result they are supplying various sections of the country with it. The money power of Gaff, Fleischman & Co. was not sufficient to down them. There were too many of them to kill off in a hurry; and now the fight comes in another direction. As a result, Fleischman & Co. have an interest in the passage of the pending bill for the

purpose of regaining their monopoly, and so I say that Fleischman & Co. and the distillers are a part of the same pool.

Mr. HENDERSON. Is compressed yeast any cheaper now than it was?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. Can it be made any cheaper by your process than it can be made at the distilleries with their process?

Mr. BECHTNER. No, sir; hardly. The cost is just about the same; but we have been satisfied with a small profit. Compressed yeast is sold in Chicago to-day for 20 cents which used to be sold for 25 cents, 30 cents, and up to 45 cents. In Milwaukee it is sold for 20 cents when it formerly sold for 25 and 35 cents. In Saint Louis it is sold for 10 or 15 cents, in consequence of vinegar factories getting into the business. Few persons realize the proportions of the compressed yeast business. It is immense. When you consider that every family in the country buys an ounce or an ounce and a half of this yeast every day, or every other day, you will realize what an immense difference it makes to that firm whether it can get 30 cents a pound for it or 20 cents a pound, and the more anxious they must be from a money standpoint to wipe out of existence this law which prevents them doing so, and which will eventually prevent them sending their yeast into certain districts of the country.

Mr. BRECKINRIDGE, of Kentucky. Would the passage of the proposed bill break up the production of compressed yeast in your vinegar factories?

Mr. BECHTNER. Entirely. We would have nothing else to do but to become distillers. It has been stated here by two revenue officials that frauds are perpetrated upon the revenue by some vinegar factories. I do not wish to enter into any defense of fraud or attempts at fraud on the part of vinegar factories.

Mr. BROWN. We understand that. If you are engaged in the honest manufacture of vinegar, you are as much interested as anybody else in keeping down these illicit vinegar factories. That we can see. You cannot compete with dishonest men if you carry on your business honestly, as I have no doubt you do.

Mr. BECHTNER. This law has been in existence since 1879. Two years ago we applied to the Internal Revenue Bureau for a list of the seizures in vinegar factories. The report came back that there had been nine seizures, and out of the nine there were at most three in which it was really shown that there had been any intent to remove the spirits from the premises and to sell it. The rest were for technical violations of the law which were punishable by fine. Now, when you take into consideration the intricate condition of the internal-revenue law governing distilleries, and the simpleness and plainness of the act of 1879, under which we act, I think you will say that it is extremely remarkable that there have not been more seizures in our vinegar factories. The official reports, however, show that in regard to distilleries there were, in 1878, 1,024 illicit stills seized in the United States; in 1879, 1,300 stills; in 1880, 969 stills; in 1881, 756 stills; in 1882, 464 stills; in 1883, 397 stills, and in 1884, 245 stills, making a grand total of nearly 4,000 stills seized outside of vinegar factories. Distilleries are under the surveillance of the internal revenue, and when a still is found elsewhere they know that it is a still and nothing else, and when spirits are found at the same place they know that it is illicit spirits. There were but nine seizures of vinegar factories all over the country in the last few years.

Now, that is a record worthy of consideration, and it shows that there is something more than the law itself which prevents these vinegar factories from making illicit spirits. I do not want to deprecate the statements made by the internal-revenue officials who have been here to-day. I appreciate their situation. I can understand how difficult it is to detect fraud, and how very dangerous it would be to the internal-revenue service if eventually vinegar factories should start to a greater extent for the purpose of making illicit spirits; but I can appreciate also that these frauds can be very easily prevented, and I know that by a few slight modifications in the present law such frauds would be impossible. One of the officers (Mr. Brooks) stated that these vinegar factories can remove spirits or low wines and sell them, and he says that by the apparatus which the vinegar factories have they can make spirits to the strength of 40, 50, or 60. I do not know how that is. I have never made it so high, and I hardly believe (with all due respect to the opinion of those gentlemen) that by strictly adhering to the letter and spirit of the law this can be done. By changing the spirit and the letter of the law in a trifle here and a trifle there it could possibly be done; but even after it is done comes the necessity of selling the stuff. Mr. Brooks insinuated that it could be sold for a little below the tax. Where can it be sold? It cannot be sold for whisky, because it is not whisky. It cannot be sold for spirits, because it is not spirits. It is nothing but high wines, containing very large quantities of fusel-oil, which certainly is not a good thing to sell for whisky. The only seizure of such spirits that has been made to my recollection was made in Chicago, similar to that in New Jersey, which Mr. Brooks spoke of. There (in Chicago) a man was suspected of making illicit whisky. He was watched, and was detected in loading a wagon. The wagon was removed from the vinegar factory, and on the way to its destination the revenue officer seized it (precisely in the same

way as in the New Jersey case). The stuff was taken to the revenue office in Chicago. The man was arrested, and was afterwards punished. The Government officer in Chicago endeavored to sell this merchandise, but he could not sell it in the city of Chicago for the cost of the tax. He could not get the tax for it. And why? Because it was useless for any practical purpose; because it was a very crude article of low wines, containing a high percentage of fusel-oil, which had to be extracted before it could be fitted for whisky purposes.

Mr. BUTTERWORTH. It would have to be redistilled. That is not a difficult matter for any man who can get a barrel of charcoal.

Mr. BECHTNER. It is about as difficult a matter as it is for a man to break into a house and burst open a safe. He can do so and take the chances of the law. When I say to you that there have been 4,000 stills seized in the United States for illicit distillation; that these stills are found in private houses, in farm yards, in cellars, and everywhere else, your suggestion is answered. They take the risk, and when they are detected they take the penalty. It is just the same as a man taking the risk of stealing and robbing. But a man who is in legitimate business and has his occupation and reputation at stake will not take the risk.

Mr. BROWNE. You make the point that there has been a very much larger proportion of distilleries seized than of vinegar establishments. Are not the opportunities afforded for the violation of the law by distilleries much better than those which surround your establishments?

Mr. BECHTNER. Of course they could not seize so many vinegar factories because there are not so many.

Mr. BROWNE. Does the fact that there have been so few seizures of the one and so many seizures of the other prove that in the vinegar factories there have been in fact very few violations of law?

Mr. BECHTNER. Yes, sir.

Mr. BROWNE. Or does it prove that the opportunities of detecting crimes in vinegar factories are not so great as those given for the detection of frauds in distilleries?

Mr. BECHTNER. It proves the former, I think. Vinegar factories are situated mostly in large cities. It requires quite a large number of men to conduct one. In my establishment I employ about 20 men. I pay them a certain salary. I discharge them on bad behavior and replace them by others. If I undertook to do anything which was in violation of the law in my factory, I would either be a slave to my men all the time (as the distillers were when they were running crooked in former times) or I would be subject and liable to be indicted at any moment. That, in my opinion, is the greatest safeguard for the Government. It is not that vinegar manufacturers are more honest than other men or are less liable to temptation, but it is simply because the natural circumstances surrounding the business are such as to prevent them doing such work. In the first place, they are controlled by their men. Then a profit upon a sale of spirits illicitly made in a vinegar factory (unless made on a very large scale) is very trifling.

Mr. HENDERSON. You stated that the cost to the consumer is no greater than it was before the passage of the act of 1879. I call your attention to that point, and would like to know what you have to say upon it.

Mr. BECHTNER. To prove what I say, that it is necessary to take this material and have it redistilled, I will read from a brief brought before this committee by the distillers' association some few years ago. I took it from this room.

Mr. BUTTERWORTH. There is no question about that. The spirits from a vinegar factory have to be re-distilled before they are used.

Mr. BECHTNER quoted from an argument made by Mr. Moulton on behalf of the distillers in Ohio and Kentucky to show that smuggling establishments could not be largely carried on without detection except in localities where there are large transactions in distilled spirits; because, in order to get rid of their products, there would have to be a rectifying establishment near by; also that fraudulent vinegar factories must be in combination with rectifiers whose consciences are elastic enough to permit them to purchase those spirits at a reduced price.

Mr. HARRIS. Is it not true that in almost all of this country there is a considerable proportion of fusel-oil in the vinegar that is used?

Mr. BECHTNER. Yes.

Mr. HARRIS. Is there any verdigris in the vinegar?

Mr. BECHTNER. No, sir.

Mr. HARRIS. How do you get that out of it?

Mr. BECHTNER. Fusel-oil is essential to the making of a good vinegar. Vinegar made from distilled spirits is harsh in taste and without flavor. Just as, in Kentucky whisky, the fusel-oils are permitted to remain, which afterwards change into volatile oils and flavors, so, in the case of vinegar, by the process of acidification, the fusel-oil is transformed into volatile oil, and eventually goes as a flavoring to the vinegar. We are no safer from verdigris in the vinegar when we buy our spirits from distillers than we are if the spirits is made in vinegar factories. We are no

safer from verdigris when we eat soup. An unclean cook will have verdigris in his copper vessel; an unclean distillery will have it in its spirits, and an unclean vinegar factory will have it in its vinegar; but a man who is an adept in the business and attends to it properly will have it in neither case.

The point was suggested to me, in a hearing a day or two ago, that there was no ground for any claim that vinegar was cheaper now than it had been. That is a most remarkable statement on the part of gentlemen asking a repeal of the law of 1879. Vinegar is being sold so cheaply that they cannot compete with it. I will not take up the time of the committee now by reading extracts from arguments made by those very gentlemen in the course of the last six years to that effect. But I say this to you, that I have in my possession letters here from vinegar men who have denied taking a share in resisting the repeal of the act of 1879 from the fact that the price of vinegar was so low that they did not care whether the business was kept or not. And the fact that prices are so low at wholesale (which cannot be disputed) should prove conclusively that they must be low to the consumer at retail. There is no combination among retail grocers in the United States. They compete with one another, and they sell as cheaply as they can or as at high prices as they can.

Mr. BUTTERWORTH. If vinegar is sold so extremely low, does it not indicate that there is something in what the internal-revenue officers have suggested—that possibly the lowness of price may be due to the fact that there is a profit found in the manufacture aside from that which arises from the sale of the vinegar?

Mr. BECHTNER. No sir, there is nothing at all in it. I sell vinegar very cheap.

Mr. HARRIS. Would it be fair to ask you what is the average cost of making vinegar according to your process?

Mr. BECHTNER. If you permit me to proceed with other points, I will come to that question afterwards. It is a natural conclusion that if vinegar is cheap at wholesale, it must be cheap at retail. I claim for myself that what I say is true, and especially what I have sworn to. I have made this affidavit:

COUNTY OF WASHINGTON,
District of Columbia, ss:

Personally appeared before me, a notary public in and for the District aforesaid, Paul Bechtner, who, being duly sworn, deposes and says that he is and has been for the past twelve years, a manufacturer of vinegar in the city of Milwaukee, State of Wisconsin; that previous to the act of March 1, 1879, impure, adulterated, and deleterious vinegars were frequently offered and sold in that city; that up to that time the price of vinegar, as asked by the retail grocer of the consumer, was from 30 to 40 cents per gallon; that since the passage of the act of March 1, 1879, deponent sayeth that he has not discovered any adulterated or unhealthful vinegar offered for sale in said city of Milwaukee. Deponent further sayeth that the grocers' retail price to the consumer for a pure, healthful white-wine vinegar, made in accordance with the provisions of the act of March 1, 1879, is from 15 to 25 cents per gallon.

Deponent further sayeth that the low price of vinegar now prevailing, as manufactured under this act, has reduced the price of pickled cucumbers, meats, vegetables, mustard, and all such other commodities usually put up in vinegar for preservation, and that such vinegar has improved the quality thereof.

Further deponent sayeth not.

PAUL BECHTNER.

Sworn and subscribed to before me, a notary public, this 11th day of March, 1886.

MYRON M. PARKER,
Notary Public.

I also telegraphed to several vinegar manufacturers throughout the country to this effect:

“What is the price that retail grocers in your city charge for white-wine vinegar?”
Here is a dispatch which I received last night from New York:

“Retail grocers charge 4 to 6 cents per quart white-wine vinegar.”
“LANGE & TRILLICH.”

I have other dispatches to the same effect from New York, Louisville, and Detroit.
Mr. HENDERSON. What is the general average price given in these telegrams?

Mr. BECHTNER. It ranges from 15 cents to 20 cents a gallon. They also give expression to the fact that pickled goods are proportionately cheaper.

Mr. HARRIS. Now, as to the prime cost of vinegar.

Mr. BECHTNER. To make to-day a pure white vinegar of 40 grains, Twitchell test, will cost 4 cents a gallon.

Mr. HARRIS. I understand you to say that the retail price of vinegar varies from 15 to 20 cents a gallon?

Mr. BECHTNER. Yes.

Mr. HARRIS. Twenty cents a gallon would be the maximum?

Mr. BECHTNER. Yes, on the average.

Mr. HARRIS, State, as nearly as you can, the approximate cost of producing vinegar by the two processes.

Mr. BECHTNER. The cider gentlemen have appeared here years and years and declared that it is impossible for them to dispose of fruit, as they cannot manufacture it into vinegar in comparison with our vinegar, because it costs so much more, as apples are high, &c.

Mr. WILSON. You stated 4 cents a gallon as to the cost of making vinegar. Is that 40-grain vinegar?

Mr. BECHTNER. It is 40 grain vinegar.

Mr. BRECKINRIDGE, of Kentucky. In this computation of 4 cents a gallon, at what do you place the highwines?

Mr. BECHTNER. The highwines would cost, of course, according to the price of grain. In my manufacture I claim to make 4 gallons of spirits to the bushel of grain.

Mr. BRECKINRIDGE, of Kentucky. As much as a distillery?

Mr. BECHTNER. Equally as much. I claim to have no loss in distillation. I have a good factory, with all arrangements, and I claim to know my business.

Mr. BRECKINRIDGE, of Kentucky. What is the amount (in your computation of 4 cents a gallon) at which you put the spirits in the vinegar? You say that you produce a gallon of vinegar at 4 cents. What I want to know is how much of that is represented by the spirits that you put in?

Mr. BECHTNER. I should say that it was about 3 cents for the spirits, and 1 cent for the cost of manufacturing.

Mr. BRECKINRIDGE, of Kentucky. In your factory how much do the spirits which you manufacture cost per gallon?

Mr. BECHTNER. I never made the calculation. It is difficult to say.

Mr. BRECKINRIDGE, of Kentucky. About what?

Mr. BECHTNER. I would not like to say anything which might afterwards embarrass me. But I make no calculation on the spirits at all.

Mr. BRECKINRIDGE, of Kentucky. I understood you to say that it cost you 4 cents per gallon to produce vinegar?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. And of that vinegar thus produced about three-fourths of the cost is in the cost of the spirits?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. Now, how can you reach the calculation that the vinegar costs you 4 cents per gallon without having first ascertained what the spirits costs you?

Mr. BECHTNER. Because I know by practical experience that we can make so many gallons of vinegar from so many gallons of spirits. I can make 26 gallons of 40-grain vinegar from 1 gallon of proof spirits.

Mr. BRECKINRIDGE, of Kentucky. And that 26 gallons of vinegar costs you about 4 cents a gallon?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. Then the cost of the spirits would be three times 26?

Mr. BECHTNER. That would be the solution of the question.

Mr. BRECKINRIDGE, of Kentucky. But that would be 78 cents for a gallon of spirits?

Mr. BECHTNER. It is difficult for me to answer this question at this moment. I will make the calculation and hand it to the reporter. I never have figured it in that way, and of course I am more or less excited at the present moment, and am not able to figure.

Mr. BRECKINRIDGE, of Kentucky. I understood you to say that you thought you made about 4 gallons of spirits to the bushel of grain?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. Which is the full average proportion which the distilleries make?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. And about as much as you could make if you had a worm and other appliances for distillation?

Mr. BECHTNER. Yes.

Mr. BROWNE. Can you make any compressed yeast in addition to that?

Mr. BECHTNER. Yes.

Mr. BROWN. About how much?

Mr. BECHTNER. I do not make compressed yeast from all my mash. I make it about once or twice a week. I am now the agent in Milwaukee for a compressed yeast firm, and I sell its yeast, and make only a portion of what I sell. Of course, out of

the mash from which I make compressed yeast I cannot get 4 gallons of spirits. That is simply impossible. The calculation is that from such mash only 3 gallons of spirits can be obtained.

Mr. BUTTERWORTH. Do you sell this yeast as an agent, as a mere matter of philanthropy, or do you do it for profit?

Mr. BECHTNER. I do it for profit.

Mr. BUTTERWORTH. I understood you to say that these distillers are coming here from mercenary motives, and that you are acting from philanthropy.

Mr. BECHTNER. No, sir; I do my business for a profit, but I believe that even in business one should be considerate of the interests of his fellow-man.

Mr. HARRIS. What is your judgment as to the cost of vinegar made from cider?

Mr. BECHTNER. That is a very difficult question to answer.

Mr. HARRIS. It costs considerable more than to make the cider which you make?

Mr. BECHTNER. No, sir; I beg pardon; it does not. Cider vinegar is not made from the best of fruit. The best of fruit is sold in the market in the first place for eating purposes. The lower grades of fruit that are not fitted to sell for eating purposes, and that cannot be transported to market, are generally expressed into cider. That cider again is sold as a beverage. There is no surplus of it in the market. I believe I am right as to that. About as much cider can be sold as can be made. And only the inferior fruit, or that fruit which is unfitted for any of these purposes, is used for making vinegar; also the pomace which remains after extracting the first juice, also the peelings from the apples that are used for evaporation and drying purposes; also the cores, and the cider that sours in store or in transportation. But there is absolutely very little, if any, juice expressed from apples for the purpose of making cider vinegar. That cider vinegar, therefore, is only made, to the greatest extent from the offal of apples.

There is one thing more that I would like to say to the committee. That is as to the necessity of the control of vinegar factories. I make no pretensions here to-day. I am just so much of a philanthropist, however, that I am willing for my own interest to go under rather than to do anything which I believe to be a wrong act. And I do believe that to monopolize any article is a wrong act. I believe that to exact from the people of this country day by day one cent more than they ought to pay upon any special article is a wrong act, and should not be enforced or tolerated by legislation. I will say, therefore, here, that if it is believed that this act of 1879 has been beneficial to the people, and is on that account worthy of retention (without any consideration of ourselves as vinegar manufacturers or distillers, or cider-vinegar makers), it should be retained. It should be retained so as to make vinegar, if any more expensive at all, the least more expensive. It can be retained and so modified that the few frauds which have occurred in vinegar factories for the last few years can be avoided entirely. These frauds can be averted in the future, possibly, by a very simple enactment. Unfortunately I was unable to obtain the ear of the Internal Revenue Commissioner, in order to make some suggestions to him in that respect. He was sick when I was here before and I was not able to see him.

Mr. HENDERSON. Did your association ask for a hearing before him previous to his recommending the pending bill to this committee?

Mr. BECHTNER. Yes, sir.

Mr. HENDERSON. Was that hearing granted?

Mr. BECHTNER. No, sir.

Mr. BRECKINRIDGE, of Kentucky. It is not altogether accurate to say that the Commissioner of Internal Revenue has made any recommendation to this committee. He simply prefers the bill which he has sent here to the bill introduced by me. But he has not recommended either of those bills, or any other bill, to the committee.

Mr. BECHTNER. I am glad to hear that that is so, because then the committee is at liberty to act without reference to his opinion.

Mr. BROWNE. When we get ready we will probably take his opinion about it.

Mr. BECHTNER. I said that the Commissioner was sick at the time, and that I was unable to see him. I left the city and wrote him a letter.

Mr. BRECKINRIDGE, of Kentucky. I do not want the Commissioner put in a false position. We simply furnished him with a copy of my bill, and he says that if we are going to pass a bill with that general object in view, he prefers his bill.

Mr. BECHTNER. I make that statement partly to show that if the Commissioner had had an opportunity to hear what we had to say his recommendation would have been different.

Mr. HARRIS. The Commissioner has made no recommendation at all.

Mr. BROWNE. If I understood you, about three-fourths of the cost of the vinegar production is in the cost of the spirits that enters into it?

Mr. BECHTNER. Yes.

Mr. BROWNE. And you say that, therefore, the larger proportion of the profits in your business is the profit that arises from your opportunities to manufacture your own spirits?

Mr. BECHTNER. No, sir ; I did not say that.

Mr. BROWNE. Well, I ask you the question. What proportion of the profits (for you make vinegar for profit) is due to your privilege to manufacture your own spirits?

Mr. BECHTNER. Not any in excess of what it would be under any other system.

Mr. BROWNE. Suppose now that you were still permitted to continue the business of manufacturing vinegar from spirits, on which no tax would be imposed, while you were deprived of the privilege of manufacturing the spirits yourself, and were compelled to buy it in the market, what difference would that make to you in the profits of your business?

Mr. BECHTNER. It would make no difference—none at all.

Mr. BROWNE. What difference would it make in the cost of the vinegar to the people who buy it?

Mr. BECHTNER. That would depend upon the prices which the distillers would charge for their spirits.

Mr. BROWNE. Take conditions as they are to-day, and suppose that they are to continue. You know what you can buy a gallon of proof spirits for, and you know how much spirits goes to the gallon of vinegar.

Mr. BECHTNER. I do not know to-day how much a gallon of proof spirits costs, and I ask that I may be permitted to answer that question, as others, in writing.

Mr. BROWNE. Are you prepared to say that you can produce spirits in your factory more cheaply than those can who are engaged in the regular business of distilling?

Mr. BECHTNER. Yes.

Mr. BROWNE. You can produce them more cheaply than the distillers?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. How is that?

Mr. BECHTNER. It is very simple. I have an establishment in which I make vinegar. In that establishment I employ a certain number of men. I must, for instance, have a boiler. And in carrying on an additional branch in that establishment the proportion of cost will not be so large as it would be if I ran the establishment exclusively for the purpose of making one thing or the other. Is that clear?

Mr. BROWNE. It is precisely in point.

Mr. BECHTNER. I employ one or two men more, because I make spirits. The distiller (or, if you make this law effective, and compel me to remove my apparatus and run a distillery, I) would need so many men to run that, and so many men to run the vinegar factory.

Mr. BROWNE. Is it not true that the regular distiller does a more extensive business, and is it not true that the cost of production is relatively diminished in proportion to the amount that the establishment produces?

Mr. BECHTNER. That is true.

Mr. BROWNE. You cannot produce a quantity at all approximating that produced by the first class large distilleries, can you?

Mr. BECHTNER. No, sir.

Mr. BROWNE. About how many gallons of spirits per day do you produce in your establishment?

Mr. BECHTNER. If we make a mash of 100 bushels we produce 400 gallons of spirits.

Mr. BROWNE. Take an establishment that produces 10,000 gallons a day; will it not produce spirits cheaper per gallon than you possibly can?

Mr. BECHTNER. I suppose so.

Mr. BRECKINRIDGE, of Kentucky. To which has to be added the profits that the distiller has?

Mr. BROWNE. Certainly. (To Mr. Bechtner.) Admitting that the distiller makes more spirits and makes it a little more cheaply than you can, would it make any appreciable difference in the cost of the vinegar to the consumer (because the gentleman from Kentucky and myself are now after the good of the vinegar consumer) if you had to buy your spirits from the distiller?

Mr. BECHTNER. The cost would be probably more, although, with an entire rebate of the tax on the spirits, it would be but little more. That has to be conceded. But under the proposed bill the Government would be put to a certain expense which again would come from the people; and, as far as we are concerned, we are interested to this extent; we have invested money in machinery and buildings for the purpose of carrying on this business. I personally invested about two years ago \$26,000 in my factory, and part of it was invested for the purpose of distilling spirits in my factory.

Mr. BRECKINRIDGE, of Kentucky. What proportion of it?

Mr. BECHTNER. Perhaps about \$10,000. That part would be almost useless for any other purpose, and under the best of circumstances would be quite a considerable loss. It is, therefore, a question of right. If the law is a good law, if it has done good, if it has saved even a minimum in the cost of vinegar to the people, and if it can be perfected in an easy manner, would it not be better and more just to us to do so than to repeal the law?

Mr. BROWNE. These are considerations which the Committee will regard when we come to consider the question. What we are trying to get at now is as to the question of cost.

Mr. BRECKINRIDGE, of Kentucky. Have you, or has any gentleman interested on your side, prepared a bill which you are willing to have passed as properly regulating this matter?

Mr. BECHTNER. Yes.

Mr. BRECKINRIDGE, of Kentucky. Can we have a copy of it—such an act as your interest is willing to accept?

Mr. BECHTNER. Yes, sir (handing two bills to the Committee).

The bills presented by Mr. Bechtner are as follows:

A BILL to amend section 5 of act March first, 1879, relating to the manufacture of vinegar by the alcoholic vaporizing process.

That section five of act March first, 1879, be amended by inserting after the words “or other liquid used in making vinegar” the following: Nor shall any mixture be made in any such vinegar factory which shall contain more than thirty per centum of proof spirits. Nor shall any mixture containing spirits be kept on or about the premises of such vinegar factory except in such tubs and tanks especially designated for the purpose, and marked in plain view, in letters of two inches in height, with the words “Stock Tub.” Nor shall there be at any time more of such mixture on hand than will supply the demands of such vinegar factory for souring purposes for the period of one month.

And that section five, act March first, 1879, be further amended by inserting after the words “than two per centum of proof spirits” the following: The proprietor of each such vinegar factory shall pay ten dollars, and shall register his vaporizing apparatus with the collector of the district in the same manner as is now required concerning stills set up, and be subject to all the penalties of section thirty-two hundred and fifty-eight (3258) of the Revised Statutes of the United States, for having in possession such an apparatus set up and not so registered.

That every manufacturer of vinegar by the alcoholic vaporizing process, before commencing or continuing the business, shall give duplicate notice in writing, subscribed by him, to the collector of the district in which the business is to be carried on, stating his name and residence, and if a firm, company, or corporation, the name and residence of each member thereof; the precise place where such business is to be carried on; a particular description of the premises to be occupied, and of the mash-tubs, stock-tubs, and fermenting-tubs, and of the vaporizing and condensing apparatus used by him; also whether the factory was established and operated as a vinegar factory prior to March 1, 1879, or not; the distance of said factory in a direct line from the nearest distillery or rectifying house; the day when the manufacturer will commence to operate, and all such additional particulars as the Commissioner of the Internal Revenue may from time to time prescribe; and every person failing to give such notice or giving false or fraudulent notice, shall be liable to the penalties provided in section thirty-two hundred and fifty-nine of the Revised Statutes of the United States. Every manufacturer of vinegar by alcoholic vaporizing process shall, before commencing or continuing the business, and on the first day of May in each succeeding year, give a bond in the form prescribed by the Commissioner of Internal Revenue, conditioned that he shall faithfully comply with all provisions of law concerning the manufacture of vinegar by the use of alcoholic vapor.

A BILL to regulate the manufacture of vinegar by the alcoholic vaporizing process.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section thirty-one hundred and fifty-four of the Revised Statutes of the United States be amended by striking out all after said number and inserting the following:

“One or more internal-revenue storekeepers shall be assigned by the Commissioner of Internal Revenue to every bonded or distillery warehouse established by law, and to every factory for the manufacture of vinegar by the use of alcoholic vapor and a vaporizing apparatus; and any storekeeper may be transferred by the Commissioner of Internal Revenue from any warehouse or vinegar factory to another: *Provided*, That the proprietors of all vinegar factories to which storekeepers are assigned shall pay to the United States, to the credit of the proper appropriation, the sum of ten cents for every gallon of proof spirits by them manufactured, and it shall be unlawful to manufacture any mixture or low wine in any vinegar factory which shall contain more than thirty (30) per centum of spirits.”

SEC. 2. That section thirty-two hundred and forty-four of the Revised Statutes of the United States be amended by adding thereto the following:

“Twelfth. Manufacturers of vinegar by alcoholic vaporization shall each pay ten

dollars. Every person shall be regarded as a manufacturer of vinegar by alcoholic vaporization who manufactures vinegar by separating, by a vaporizing process, the alcoholic property from the mash produced by him, and condenses the same by introducing it into the water or other liquid used by him in making vinegar."

SEC. 3. That every manufacturer of vinegar shall register his vaporizing apparatus with the collector of the district in the same manner as is now required concerning stills set up, and be subject to all the penalties provided in section thirty-two hundred and fifty-eight of the Revised Statutes of the United States for having in possession such an apparatus set up and not so registered.

SEC. 4. That every manufacturer of vinegar, before commencing or continuing the business, shall give duplicate notes in writing, subscribed by him, to the collector of the district in which the business is to be carried on, stating his name and residence, and if a firm, company, or corporation, the name and residence of each member thereof; the precise place where such business is to be carried on; a particular description of the premises to be occupied, and of the mash-tubs and fermenting-tubs, and of the vaporizing and condensing apparatus to be used by him; also whether the factory was established and operated as a vinegar factory prior to March first, eighteen hundred and seventy-nine, or not; the distance of said factory in a direct line from the nearest distillery or rectifying house; the day when the manufacturer will commence to operate, and all such additional particulars as the Commissioner of Internal Revenue may from time to time prescribe; and every person failing to give such notice, or giving a false or fraudulent notice, shall be liable to the penalties provided in section thirty-two hundred and fifty-nine of the Revised Statutes of the United States.

SEC. 5. That every manufacturer of vinegar shall, before commencing or continuing the business, and on the first day of May in each succeeding year, give a bond in the form prescribed by the Commissioner of Internal Revenue, conditioned that he shall faithfully comply with all provisions of law concerning the manufacture of vinegar by the use of alcoholic vapor.

Said bond shall be, with at least two sureties, approved by the collector of the district, and for a penal sum of five thousand dollars. A new bond may be required in any contingency affecting the validity or impairing the efficiency of the previous bond, at the discretion of the collector or the Commissioner of Internal Revenue. Any manufacturer of vinegar as defined in this act who shall commence or continue the business after the passage of this act without giving such bond, or who fails or refuses to renew the same, or who gives any false, forged, or fraudulent bond, shall forfeit his factory and apparatus, and shall be fined not less than five hundred dollars nor more than five thousand dollars, and imprisoned not less than six months nor more than two years.

SEC. 6. That every manufacturer of vinegar, as defined in this act, shall be deemed to be engaged in such manufacture and to require the attendance of a storekeeper on the day stated in his notice as the time when he will commence operations, and thereafter, except in the intervals when he shall have suspended work after giving notice in writing to the collector of the district, stating when he will suspend work. No manufacturer of vinegar, after having given such notice of suspension, shall, after the time stated therein, carry on the manufacture of vinegar on the same premises until he gives another notice in writing to the collector stating the time when he will resume work. Every manufacturer of vinegar who, after the time fixed in said notice declaring his intention to suspend work, shall, without first giving notice to the collector stating when he will resume work, and without the presence of the storekeeper, carry on the manufacture of vinegar on the same premises, or have mash, wort, or beer in his factory, or on any premises connected therewith, shall incur the same forfeitures and be subject to the same punishments as provided for persons who carry on the said business without having given the bond required by law.

SEC. 7. That every manufacturer of vinegar shall keep a book in the form prescribed by the Commissioner of Internal Revenue, in which he shall enter daily the kind and quantity of all materials purchased by him and brought upon the premises to be used in the manufacture of vinegar, and from whom purchased, the kind and quantity used each day, the quantity and strength of the vinegar manufactured, and the quantity sold or removed from the factory, and any other particulars that may from time to time be prescribed by the Commissioner of Internal Revenue. Said book shall be kept at the factory, shall be preserved for two years after the last entry is made therein, and shall constantly be open to the inspection of any revenue officer; and whenever any manufacturer of vinegar shall omit or refuse to provide said book, or to make the entries required to be made therein, or shall make any false and fraudulent entry therein, or shall fail to preserve said book for the period required, or shall not produce said book for the inspection of any revenue officer, with intent to defraud, the factory, apparatus, the vinegar manufactured or in process of manufacture, and all personal property on said premises used in the business there carried on shall be forfeited to the United States.

SEC. 8. That storkeepers assigned to vinegar factories shall keep in a book, to be provided for that purpose and in the manner prescribed by the Commissioner of Internal Revenue, a daily account of the kind and quantity of material brought upon the premises and used in the manufacture of vinegar, the quantity and strength of the vinegar made, and the quantity sold or removed from the factory, and shall enter in said book all other particulars, and keep such other records and make such reports of the operation of the factory as the Commissioner of Internal Revenue may require.

SEC. 9. That the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may make all such regulations, not inconsistent with the provisions of this act, as may be necessary to give full effect thereto.

Subsequently to the hearing, Mr. BECHTNER sent to the committee the following additional or explanatory statement:

In answer to a question of Mr. BROWNE, as to the cost of low wines made in a vinegar factory, figured on the basis of proof spirits and the cost of alcohol when purchased of a distiller, and the cost of vinegar made from both, I beg leave to submit the following:

Cost of a mash for making vinegar figured on the basis of Milwaukee prices for grain.

80 bushels corn, at 38 cents.....	\$30 40	
10 bushels rye, at 68 cents.....	6 80	
10 bushels (56 pounds) malt, at \$1.12.....	11 20	
	<hr/>	\$48 40
<i>Cost of labor.</i>		
Masher per day.....	\$2 00	
Miller and distiller per day.....	2 00	
Engineer.....	2 00	
	<hr/>	6 00
Coal per ton.....		3 50
Insurances, taxes, repairs, and wear on a plant worth \$10,000, per day.....		6 66
		<hr/>
Total.....		64 56
Deduct from this for the sale of swill (the residue of distillation).....		8 00
		<hr/>
Total cost of mash of 100 bushels.....		56 56

PRODUCT.

One hundred bushels of grain in proportions, as stated, will yield low wines equaling 400 gallons of proof spirits, so that 1 gallon of proof spirits will cost $14\frac{1}{10}$ cents. In the Chicago Times of March 10, 1886, I find spirits quoted at \$1.16 per proof gallon. Deducting from this the tax of 90 cents per gallon, which would be rebated if the bill submitted became a law, the net price of spirits purchased of a distiller for the purpose of making vinegar would cost 26 cents per proof gallon, an excess of $11\frac{7}{10}$ cents over the cost of spirits made under the provisions of the present law, besides the expense accruing to the Government by the surveillance of the rebate.

EFFECT ON THE COST OF VINEGAR.

Calculating that the average vinegar manufacturer will be able to produce but $3\frac{1}{2}$ grains, Twitchell test, from 1 per cent. of proof spirits, 1 gallon of proof spirits will yield 350 grains, Twitchell test. Dividing this by 40 we obtain the number of gallons of 40-grain vinegar, Twitchell test, which can theoretically be produced from 1 gallon of proof spirits, namely, $8\frac{1}{2}$. It is probable, however, that, practically, owing to the loss of evaporation, spilling, &c., but 6 gallons are produced; so that, working under the provision of the existing law, the spirit required to produce a gallon of 40-grain vinegar, Twitchell test, would cost $2\frac{3}{10}$ cents. If compelled to buy spirits from distillers at 26 cents per gallon of 40-grain vinegar, Twitchell test, would cost for the spirits used in its production $4\frac{3}{10}$ cents, a difference of $1\frac{9}{10}$ cents per gallon, which must necessarily fall upon the consumer.

Would it not be better that this money should go to the Government to reimburse it for the cost of surveillance than to flow into the pockets of the distillers?

During the hearing I believe I said that one gallon of spirits would make twenty-six gallons of 40-grain vinegar. I should have said "one bushel of grain" instead of "one gallon of spirits."

In conclusion, I beg leave to say, in regard to the charge made against me personally that I had sold or offered for sale vinegar below the cost of production, that it is

simply untrue and I can disprove it. Further, in regard to the paper submitted purporting to be an agreement entered into by the National Vinegar Makers' Association in 1883 to establish a price for vinegar, I beg leave to say that I was not present at the meeting when this was decided upon, that I disapproved of the act, and that it was never carried into effect.

Respectfully submitted.

PAUL BECHTNER.

The following are copies of telegrams accompanying Mr. Bechtner's written explanation :

"CHICAGO, ILL.

"PAUL BECHTNER :

"Retail grocers' price for pickle vinegar, 20 cents; for general use, 16 cents per gallon.

"SIELMANN BROTHERS."

"SAINT LOUIS, MO.

"PAUL BECHTNER :

"Fifteen to 30 cents, according to grade.

"ALDEN BRO. & CO."

[Quotations from the National Press.]

This periodical, published by the very men who are now at the head of the agitation to repeal the vaporizing law, stating as one of their reasons that the industry of apple growing and cider and cider-vinegar making is injured thereby, publishes in its January number of this year as an editorial the following :

"THE OUTLOOK FOR 1882.

"Never in the history of the business has the cider trade had a brighter prospect for the future than it has at the present time. Never before has so much cider of good quality been produced as in the last two years.

"This fact is having precisely the effect upon the trade that is to be obtained. Our old and reliable refiners report a larger trade and a better price than ever before.

"It was not an uncommon thing a few years ago for gentlemen to import from England a few cases of superior cider for private use, as none quite good enough to be considered 'fancy,' was produced in this country. Now we are shipping largely to Europe, and our cider takes high rank wherever introduced.

"A limited quantity only will be sent abroad during the present season, on account of the shortness of the crop; but with an abundant apple crop and low prices we must look for heavy shipments in the future. Add to this the drain upon our orchards for those rapidly-increasing industries, evaporating apples, and manufacturing jelly, and the increase of the consumption of cider in our own country, and it is plain to be seen that, at no distant day, the apple crop will be none too large to supply the demand. Neither is there a doubt that this increase in trade in cider, jelly, and evaporated fruit is due to the improvement in quality.

"How much of this improvement may be justly accredited to the efforts of the National Press we cannot know; but confident that its influence is in the right direction, and believing its efforts are appreciated by its patrons, we enter upon the labors of the third year with most encouraging prospects."

On the first page we find the following, which I quote to prove my assertions that cider vinegar is made from the offal of fruit only. Under the heading 'Vinegar from frozen apples,' a correspondent writes :

"I have some vinegar made from frozen apples so light colored that it is not satisfactory to my trade. Can it be colored without injury to the quality ?

"A. H. G."

Again another correspondent writes :

"We have 500 barrels of cider made from skins and cores, but it is of a light color. Is there anything that we can put in it to change it to a dark color ?

"H. & B."

To both questions the editor answers, by advising to use a little sugar coloring to help the matter.

On page 7 we find under the head of "Market Reports" that sweet cider is sold in New York City for 14 to 15 cents in car lots and 17 to 19 cents in small lots, and cider vinegar at from 12 to 15 cents per gallon, which, when we remember that it is made from offal and waste only, is certainly a fair price in comparison to the price paid for good sweet cider.

STATEMENT OF MR. D. G. RUSH.

Mr. D. G. RUSH next addressed the committee. He said:

Mr. Chairman and Gentlemen: I am the vice-president of these terrible persecutors of those innocent men, the vinegar distillers. I presume that this question is quite familiar to you. Certain classes of individual benefactors of the human race desire everybody else to be taxed if their own interests are protected and benefited. It is true that we have been before the committee from time to time to say that this law of 1879 should be changed. We encounter a spirit of evasiveness and indirection every time we approach this subject. When you ask any of these vinegar manufacturers whether they make as much spirit out of a bushel of grain as an ordinary distiller, they say yes, and that they can make it a little cheaper. Then, on the contrary, they say that the law ties down their hands so much that they cannot use the latest apparatus for producing spirits. In fact, they say that they are not distilling at all, but simply vaporizing. Some years ago this bill was introduced, and the next day the vinegar men came on here to persuade Senators that they never distill a drop, but make their vinegar from vapors, and several Senators intimated that no spirits is distilled, but simply vaporized. I expect to hear that again. This vinegar law was attached to an omnibus bill in 1879. It is very ambiguous, and whenever a manufacturer uses extraordinary and evasive terms it is generally understood that he has got some little scheme on hand, and so I find this language: "But no worm, or goose-neck, or pipe, or conductor of any description whatever, whereby vapor may, in any manner, be conveyed away and converted into distilled spirits, shall be used; but it shall be lawful for manufacturers of vinegar to separate, by a vaporizing process, the alcohol from the mash produced by them, and condense the same by introducing it into water or other liquid used in making vinegar." Professor Ure, who for many years was employed by the British Government, defines distillation in this way: "Distillation consists of the conversion of any subject into vapor in a vessel so arranged that the vapors are condensed again and collected in a vessel apart."

The vinegar manufacturers who are represented here to-day say that they do distill spirits; but generally, in the public newspapers and in the debates in Congress, they always deny that they do so. When they want to get one of those vaporizing apparatus they go to the manufacturer who makes them, and ask him for a still. They do not ask him for a vaporizing affair. They only use that term when they come here.

But, gentlemen, I do not intend to detain you long. I do not think it necessary. These vinegar men claim that they are making, out of these low wines, the best vinegar that was ever made in this country; and, in the next breath, when you ask them whether the low wines, which make the best and purest of vinegar, cannot be used as whisky, they tell you they cannot be, because they are full of fusel oil and verdigris, and are so absolutely worthless that even an attempt to defraud the Government by them would be absurd.

The provisions of the proposed bill were taken from the English law. It has been found in every country that the due collection of taxes on spirits is a very difficult thing, and requires a great deal of expense, and a great many checks and safeguards, before it becomes at all systematic. Our own Government went all through that experience.

Considerable stress has been laid upon the fact that many illicit distilleries have been seized and very few vinegar factories. When vinegar factories want to perpetrate a fraud upon the Government, all that they want is Yankee ingenuity to go scot free. Mr. Brooks may go there just as often as he chooses, and he cannot touch a hair of their head. But it is not so with illicit distilleries. Mr. Brooks made many raids among illicit distilleries in Brooklyn in 1869, and he never went fishing without catching some.

Mr. BRECKINRIDGE, of Kentucky. Do you not think that it would be a good thing to provide by statute a mode by which illicit distillation can be prevented in vinegar factories?

Mr. RUSH. I think so.

Mr. MOULTON. Will you please state how every vinegar factory can be converted into a distillery.

Mr. RUSH. The vinegar manufacturers say that all they need is to get in a worm. But modern distilleries have no worm. There is no worm in the distilling apparatus invented by Liebig.

Mr. MOULTON. Is a worm at all necessary for distilling purposes?

Mr. RUSH. Not at all, nor a goose-neck either. The law says to a distiller that for every 20 cents worth of goods that he produces he must pay a tax of 90 cents. Now it is hardly fair for Congress to say that to a distiller, and then to say to vinegar manufacturers that they can distill spirits for nothing. If white-wine vinegar is a legal

customer for the use of distilled spirits, then it should pay the tax on it the same as other customers. Besides, it is known that vinegar factories can defraud the Government. That is not susceptible of argument to the contrary. I venture to say that a man can drive a wagon through this city for a week or month with five barrels marked as containing white-wine vinegar, while every one of them contains whisky, and that he can do so without detection.

Mr. HENDERSON. Cannot the same thing be done in the case of maple sirup?

Mr. RUSH. Yes; in England they found that it was very easy to detect a mash-tub, or to detect steam, or to detect boilers; and whenever they found these things elsewhere than in a registered distillery, that fact alone made them illicit; and you never can police this country against illicit distillation without adopting the same plan. Without such a plan there never can be, and never will be, any security.

If you want to do exact justice, gentlemen, do it by all. Treat everybody in the same way. If you want to look into every fraction of a gallon in a package of whisky, and to see that it pays the tax, we say to you, go and look at what these others are doing.

The revenues from distilled spirits are falling off, and there must be a weak point somewhere. Let these vinegar factories be placed on the same equality as distillers. Let the Government know that the spirits made in vinegar factories are accounted for fairly and squarely. There are other industries besides that of vinegar making that suffer from want of free alcohol. Before the war more than one-third of the spirits produced was consumed for other purposes than that of a beverage. Not one per cent. of it is so consumed to-day letting out vinegar. But it was found in England, and it will be found in this country, that unless you make a strict law respecting this business frauds will go on in these vinegar factories until honest people get tired waiting on the Government to do equal and exact justice; and then the people will say that a government that does not protect a fair, a sincere, and an honest tax-payer should not have any such tax-payers.

In 1867, with all the arrangements for revenue officers visiting and examining distilleries, the tax paid on distilled spirits was only \$7,224,000. That must have been a year of the most extraordinary sobriety in America.

Mr. MOULTON. And that was when the tax was \$2 a gallon.

Mr. RUSH. Yes; and then the tax was reduced to 50 cents a gallon, and the Government received \$50,000,000 from it the next year. Then the tax was increased to its present figure, and the revenue went up to \$62,000,000 a year; but now the revenue is again decreasing, so that there is evidently something loose somewhere. Is it fair to us to say that the Government is more secure if we are locked out of our property, if a padlock is put on every door of a distillery, if we cannot enter anywhere without permission, if a record is made of every pound of meal put in a fermenting tub, and tell us that it is necessary in our business in order to protect the Government, but that the same thing is not necessary in every business producing distilled spirits? If you expect our business to pay the Government \$62,000,000 a year, are we not entitled at least to efficient police supervision over the whole subject of distillation? Are we not entitled to a particle of fairness? I think we are. As to these vinegar people making pure vinegar, all I can say is that if they make low wines as badly as they say they do, vinegar made out of it cannot be as pure as they represent it to be.

Mr. MOULTON. At what price can they buy spirits to-day free of duty?

Mr. RUSH. They can buy it from 11 to 14 cents a gallon. And I know from Mr. Wilson, the largest wholesale dealer in vinegar in Chicago, that he is buying 60-grain vinegar by the thousand barrels at 4 cents a gallon.

Mr. BROWNE. You are speaking now altogether of wine gallons?

Mr. RUSH. Of wine gallons altogether. Of course, the wholesale grocer takes that 60-grain vinegar and splits it in two, and then sells it for 6 cents a gallon. And then the retailer, when he gets it, splits it again, and he sells it at 15 to 20 cents a gallon; and by the time it gets to the table of the consumer it is a fair diluted table vinegar. The retail grocers can well afford to sell it at 20 cents a gallon, and not hurt themselves, either.

Mr. Rush afterward submitted to the committee the following papers:

Mr. Beehtner having stated that "vaporizing" vinegar-makers have for their object the supplying of the community with cheap vinegar; that if vinegar-makers would have to buy spirits of the distillers the price of vinegar would advance, because the distillers have an organization to regulate prices. He also said that the vinegar-makers never had an organization looking to making vinegar dearer. The inclosed contract is therefore submitted as bearing on that point.

D. G. RUSH.

CONTRACT.

Inasmuch as the National Vinegar-Makers' Association did, on the 6th day of June, 1883, at its meeting in the city of Chicago, agree upon a scale of prices and upon certain terms to govern the sale of vinegar, in order that there shall be the utmost fair

dealing between vinegar-makers, and proper and living prices established and maintained, and did recommend the following contract and bond, to be signed by each vinegar-maker to secure that end; and inasmuch as we concur in such action, we do adopt and execute such contract and bond as follows:

SECTION 1. We do agree and obligate ourselves that the lowest prices at which we will, after this contract shall go into effect, and during and until December 4, 1883, sell any and all vinegars, shall be as follows, to wit:

	Cents.
Vinegar of 30 grains strength	per gallon.. 10
Vinegar of 35 grains strength	do..... 11
Vinegar of 40 grains strength	do..... 12
Vinegar of 45 grains strength	do..... 13
Vinegar of 50 grains strength	do..... 14
Vinegar of 55 grains strength	do..... 15
Vinegar of 60 grains strength	do..... 16

The foregoing prices to apply only to actual and bona fide sales of at least fifty barrels in one lot, made to one party or one purchaser: provided, however, that when such actual and bona fide purchase of fifty barrels or more at one time and in one lot shall be made, the same may be delivered from time to time thereafter, as may be agreed upon at the time of purchase, but such time for delivery shall not be extended beyond *ninety days* from the date of purchase for the first fifty barrels; but in case more than fifty barrels shall be so purchased at any one time, then in such case the time for delivery may be further extended accordingly or in proportion. It is further provided that sales may be made at above prices in less than fifty-barrel lots, if made to those who are jobbers or wholesale dealers exclusively.

SEC. 2. Retail prices during the same time shall be at the rate of two cents per gallon additional for the same grades, respectively, when sold in lots of five barrels; and at the rate of three cents per gallon additional for the same grades when sold in lots of less than five barrels.

SEC. 3. No vinegar of any strength whatever shall be sold at less than ten cents per gallon.

SEC. 4. The scale of prices above named shall include the barrels or packages, and the goods may be delivered to purchasers at any place within the United States. In case empty barrels shall be taken back by us from a purchaser he shall be allowed no more than one dollar for each barrel at his place of business.

SEC. 5. The foregoing prices shall pertain to sales to dealers, or to those who purchase for sale again, but the prices of vinegar sold by us to manufacturers or consumers, such as picklers, packers, mustard manufacturers, &c., to be used or consumed by them in their factories, shall be at the rate of two mills per grain, providing at least five hundred barrels of thirty grains vinegar, or its equivalent, be purchased at one time, by the same party, to be delivered within six months from date of sale. This price shall not include barrels, but at least one dollar each shall be charged for barrels. Terms of sale shall be sixty days, or two per cent. off for cash. The prices and terms named in this section may apply to those who make a specialty of dealing in vinegar, providing such dealers shall execute a like contract and bond with this one, but in no case shall a wholesale grocer be considered as a dealer in vinegar under this provision or section.

SEC. 6. In determining the strength of vinegar, any proper means may be used which shall establish the same strength as that determined by the Twitchel acidometer, with use of bicarbonate of potassium and water at sixty degrees Fahrenheit.

SEC. 7. The terms upon which all vinegar shall be sold shall not be easier or more favorable than on sixty days' time, with two per cent. off for cash.

SEC. 8. We do further agree that we will not in any way, directly or indirectly, seek or attempt to evade the prices or terms herein specified, by any trick or device, such as by way of rebate, drawback, payment, present, promise, or other contract or understanding whatever, nor will we deviate in the least from the letter or spirit hereof, and we agree that we will promptly report to the secretary (Mr. Paul Bechtner, Milwaukee, Wis.) any deviation or violation of the terms of this contract by or on the part of any member of the association.

SEC. 9. We do further agree that for any violation of this contract we will forfeit and pay to Paul Bechtner, secretary, and Frederick Roth, treasurer, or to their successors in office for the use of the association, the just and full sum of one thousand dollars. In case any complaint and showing in writing, by affidavit or otherwise, shall at any time be made to the secretary and treasurer of the association, which shall satisfy them that any member or maker of such contract has violated the same, they may at once cause suit or judgment to be entered upon the bond of such offending party: *Provided, however,* such party may at any time appeal to the executive committee, and also to the association, for relief, and in case such committee or the association shall conclude, upon a full and fair investigation, and upon notice to him, that he has been unjustly charged, he shall have relief accordingly.

SEC. 10. This contract shall not go into effect nor be of any binding force against us until we shall be notified by the secretary of the association by telegraph or letter that at least fifty of the principal vinegar makers in the United States have executed a like contract and bond.

SEC. 11. The provisions and restrictions of this contract as to prices shall not apply to places where there is any vinegar maker who shall refuse to execute such contract and bond; but in such localities any member or members of the association shall be at liberty to sell and deliver any and all grades of vinegar at any price or prices he or they may see fit.

SEC. 12. Pending the efforts to obtain the signatures of the said fifty or more parties to this contract and bond, and until the 25th instant, we agree that we will not contract or sell for delivery beyond that date any vinegar except according to the provisions of this contract; but in the mean time we may sell at ruling market prices for immediate shipment; and we further agree that all contracts that we may now have in force for future delivery shall at once be reported to the secretary, in full and in detail, to the end that there may be no dispute hereafter as to what contracts exist at this date.

Dated this June —, 1883.

Know all men by these presents, that I am justly indebted to Paul Bechtner and Frederick Roth in the penal sum of \$1,000, lawful money of the United States, for the payment of which I bind myself, my heirs and personal representatives, firmly by these presents, signed on this — day of June, 1883.

The condition of this obligation is such, that whereas I have this day executed a contract prepared by the National Vinegar Makers' Association, respecting the sale of vinegar, providing, among other things, for a forfeiture, on my part, of the sum of \$1,000, in case of a violation of any provision of such contract. And whereas I have agreed that said Paul Bechtner, secretary, and Frederick Roth, treasurer of such association, shall determine, in the first instance, the fact of such violation: Now, therefore, if I shall, in all respects, keep and perform the provisions of such contract, and if the said Bechtner and Roth shall not find and determine that I have violated the same, then this obligation shall be void, otherwise to remain in full force and virtue.

And to secure the payment of said amount, I hereby authorize, irrevocably, any attorney of any court of record to appear for me in such court, in term time or vacation, at any time hereafter and confess a judgment without process in favor of the holder of this bond, for such amount as may appear to be unpaid thereon, together with costs, and 5 per cent. attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that my said attorney may do by virtue hereof.

This bond shall in no event pass out of the possession or control of the said secretary and treasurer, save for the purpose of presenting the same in court in case it shall become necessary to do so.

STATEMENT OF MR. O. S. MILLER.

Mr. O. S. MILLER, of New York, said:

Mr. Chairman, I thank Mr. Bechtner for coming so near to the position which we assume. He wishes, as we have always done, that these vinegar factories shall be put under restrictions so that they cannot evade the law; but he intimates that it is almost impossible for them now to evade the law. In the report of the Internal-Revenue Bureau it is stated that in the New York district, out of the fifteen vinegar factories, there were two seized where there were no adequate safeguards to protect the Government against fraud. Mr. Bechtner stated that in regard to whisky distillers the percentage of seizures was much greater. He said that up to a certain time only seven vinegar factories had been seized in the entire United States. I understand that there are to-day about 180 of these vinegar factories working, and I think that the number of seizures of vinegar factories shows a greater percentage than the number of distilleries seized. We make the statement here that the price of this whisky vinegar is lower than the actual cost of production, and that that fact is driving the cider vinegar men, and has driven them, out of the markets of the country. I state that as a fact, and I can prove it. Mr. Bechtner says that this whisky vinegar is good, from a sanitary point of view, in expelling from the market all impure, adulterated vinegars. I have here a report of the vinegar inspector of the city of Holyoke, Mass., which bears upon that point. Massachusetts

is one of the few States in this country that have vinegar inspectors, and that have a law protecting the consumers of vinegar and guaranteeing them against impure vinegar. This inspector says: On the first of October, after having taken up a large number of samples of vinegar, of which over 90 per cent. were gross adulterations, I decided that I would prosecute," &c.

Mr. BRECKINRIDGE, of Kentucky. When was that?

Mr. MILLER. In 1885.

Mr. BRECKINRIDGE, of Kentucky. That white-wine vinegar may have been made from cider?

Mr. MILLER. Possibly. He says in this report, "the fruit vinegars are advertised with showy pictures of luscious fruit, which is an inexcusable deception on the face of it, as these vinegars are made from corn usually, and are likely to contain chlorides, sulphates, iron and sometimes arsenic." That is the pure vinegar that Mr. Bechtner speaks about. We claim that a large portion of the vinegar, and we think all vinegar sold as fruit vinegar, is whisky vinegar colored to imitate cider vinegar, and sold under the guise of fruit vinegar.

Mr. HENDERSON. Does that appear from the report you have there?

Mr. MILLER. The inspector says, "Let us look in a general way at the nature of some of the vinegar which comes into this city. We find fruit vinegar, white-wine vinegar, cider XXX vinegar, and vinegar." Then he states what the fruit vinegar consists of, and says that it is usually made from corn. That is the point which I wish to make to the committee.

Mr. Bechtner stated that the spirits made in vinegar factories contains such a large percentage of fusel-oil and verdigris that it could not be sold upon the market. That is the first time in my life that I have heard that vinegar consumers are not entitled to have an article as pure from fusel-oil and verdigris as the whisky drinker is. You get it all out of the whisky, but not out of the vinegar.

Now, in regard to the price. I stated the other day before the Senate Committee that the price of vinegar to the consumer was no cheaper now than it was before 1879. Mr. Bechtner admitted here to-day that the price was from 15 to 20 cents a gallon. We telegraphed to Dubuque, Iowa, and I have here a telegram in reply, stating the price at which vinegar is sold there in three retail grocery stores. I will read the telegram:

DUBUQUE, IOWA, *March 11, 1886.*

To C. BURTON, *Washington, D. C. :*

W. H. Reiman, white wine 30, cider, 25, Thomas H. White, white wine, 30, cider, 20. Perry Bros., white wine, 40, cider, 30.

O. RUCHTE.

I will also ask Mr. Burton to state what he learned in this city last afternoon in regard to the price of vinegar.

Mr. BURTON. I visited several retail grocery stores in Washington last evening, and asked the prices at which they were retailing vinegar, and the lowest price at which I could find any one of them selling white wine vinegar was 25 cents per gallon, and from that to 40 cents. In Albany, where I reside, I inquired before I came here, and I found one grocer who was selling at 16 cents a gallon. I procured a sample of that vinegar and tested it, and found it half the strength of the ordinary market vinegar. That would bring the price of his vinegar up to a clear average with the rest. The lowest price was 24 cents, and from that up to 40 cents a gallon. So that these three points, of which I have personal cognizance, show that the price of vinegar now is substantially what it was twenty years ago.

Mr. MILLER. Mr. Bechtner spoke of whisky vinegar enabling American manufacturers to compete in the markets of the world. I have here a price current showing the prices across the water. The prices are given in imperial gallons, which contain 25 per cent. more than our gallon here. In a package containing 30 imperial gallons, we get $37\frac{1}{2}$ gallons of our measure. On this list they have 24 styles of vinegar running from proof vinegar to No. 16. These numbers, I understand, were originally obtained from chemically pure bicarbonate of soda. In this price current packages containing $37\frac{1}{2}$ gallons of number 24 vinegar are quoted in bulk, and the prices show an average of $39\frac{1}{2}$ cents per gallon.

Mr. BROWNE. What is the date of that price current?

Mr. MILLER. It is dated in 1885. There is another thing I would like to state in this connection. We have figured at the prices, and we make the price about 29 cents a gallon across the water; but I believe that there is a duty of 10 cents a gallon in this country on 30-grain vinegar; so that if vinegar is worth 29 cents in London, and even if the tax were all back, Mr. Bechtner will admit that he can manufacture vinegar for about 16 cents here and the 13 cents difference between here and Liverpool would give him fair profit in the markets of the world. I would like to ask Mr. Bechtner how many gallons of vinegar, on the basis of his calculation, he makes from 1 per cent. of pure spirits?

Mr. BECHTNER. Four.

Mr. MILLER. I would like to ask Mr. Bechtner how strong vinegar he puts on the market?

Mr. BECHTNER. 80-grain.

Mr. MILLER. Nothing stronger?

Mr. BECHTNER. Yes; we have put it stronger.

Mr. MILLER. Then, in relation to the cost of making vinegar. Mr. Bechtner quoted it here at 4 cents a gallon. At a hearing before a committee at the other end of the Capitol, a year or two ago, Mr. Cnshing, a white-wine vinegar man, stated that upon the basis of 30 cents to the bushel of corn, the cost of white-wine vinegar was $4\frac{1}{2}$ cents per gallon. We have here a letter from Philadelphia offering 40-grain vinegar on the basis of less than 3 cents per gallon. Taking this $4\frac{1}{2}$ cents per gallon as the basis of the cost of production, and taking this 3 cents per gallon as the price for which vinegar has been offered in Philadelphia, we claim that there is a screw loose somewhere, and we think that this proves it.

Mr. HENDERSON. What house had you this offer from of vinegar at 3 cents per gallon?

Mr. MILLER. The letter says that the vinegar comes from Paul Bechtner's.

Mr. BECHTNER. That is correct. I received from a broker in Philadelphia a letter asking quotations for vinegar, to be delivered somewhere in New York city. I made those quotations, and after making them, I received a reply stating that the price was too high; that the vinegar went to a firm in Oneida, N. Y., and that they could do better elsewhere. I replied to that, that we could not do better than the price we had offered.

Mr. HARRISON (who had received the letter in question). This purports to be a sale. I know the party who wrote the letter.

Mr. MILLER. The letter comes in a business way.

The letter was produced by Mr. Harrison and read. It was to the effect that the writer wished to take the agency; that if he received an order Mr. Bechtner would allow him a commission; that he had sold the same morning to Hunter & Brennan 3,000 barrels of 90-grain white-wine vinegar at 4 cents a gallon delivered at Philadelphia, and that that 90-grain vinegar had cost him $9\frac{1}{2}$ cents per gallon.

Mr. BECHTNER. I brand this letter as a villainous falsehood. I have sold Hunter & Brennan, not 3,000 barrels of vinegar, but 1,500 gallons of vinegar. I have the evidence to show at what price we offered it to them, but it is at the rate of 10 grains for a cent.

Mr. HENDERSON. Where?

Mr. BECHTNER. In Milwaukee. It was a trifle less than 10 grains to a cent in Milwaukee. We sell vinegar to these people at the least bid over cost.

Mr. HARRISON. That is exactly what this statement is, except that the writer says that these sales are by him as agent, and that he has a commission for them.

Mr. MILLER. Mr. Bechtner has stated to the committee that it costs 4 cents to manufacture vinegar in Milwaukee, and he has just said that he sold it for less than 10 grains to the cent—which is exactly 4 cents a gallon. How then can he sell it at a profit?

Mr. BECHTNER. I said that we sold at less than 10 grains to the cent. That applies to sales in large quantities. Of course when we sell large quantities of vinegar, such as we do sell to Hunter & Brennan, we sell at low figures in order to decrease the proportion of expense on the rest of our production. If I can make daily 50 barrels of vinegar, the proportionate expense will be less than if I make only 30 barrels; and, as a consequence, if I sell 20 barrels at a low figure, I will make proportionately more profit on the other thirty barrels, on account of the division of the expense. Therefore I sell to Hunter & Brennan at this price; but the price is not below the cost of production.

Mr. MOULTON. What is the average price at which you sell 10-grain vinegar in Milwaukee?

Mr. BECHTNER. I cannot tell.

Mr. MOULTON. Your books will show?

Mr. BECHTNER. Yes.

Mr. MOULTON. Will you file an answer to that question?

Mr. BECHTNER. It is rather a strange request, but I have no objection.

Mr. MILLER. I ask Mr. Bechtner if he pays any commission for making these sales?

Mr. BECHTNER. Yes; I pay a very small commission; but I refuse to allow you to accept that letter as evidence of the sale it refers to, because that letter is untruthful.

Mr. BROWNE. I do not understand that that letter proves anything else than that Mr. Harrison received it.

Mr. HARRISON. This letter was received when I did not expect to come to Washington. The date of the letter will settle that.

Mr. MILLER. I have other prices below 4 cents, given on the back of business cards of the persons offering this white-wine vinegar. This simply proves the statement I

made. The law of 1879 has crushed a great many of the cider-mills of the country. In my vicinity there is not one cider-mill to-day where, before the law was passed, there were five cider-mills. I have bought cider this fall made from good straight apples (not from skins and cores) as Mr. Bechtner stated, but from apples some of them fit to barrel) at from 2 to 5 cents a gallon.

Mr. BROWNE. Suppose a bill were passed requiring vinegar factories to buy their spirits from distillers; would that aid you—you cider-vinegar men any?

Mr. MILLER. Yes; and that is all we want. That we demand. Anything else we merely ask for.

Mr. BROWNE. If the vinegar factories get their spirits without any tax at all, they can get an honest and square living; and that will help you cider-vinegar men?

Mr. MILLER. I say that if you give them their spirits free of tax we will still compete with them, or get out of the business. If you can fix these vinegar factories so that no illicit business is done in them, and if you can make them buy their spirits of the distillers, then we can compete with them, and we will try and do so. If not, we will get out of the business. That is our standpoint exactly.

STATEMENT OF MR. C. W. MOULTON.

Mr. C. W. MOULTON, acting as counsel for the distillers, said:

I suppose that the theory of legislation, gentlemen, is that the law shall execute justice fairly. One of these gentlemen, a very prominent vinegar manufacturer (Mr. Beehtner), has stated that he can make as much whisky in his vinegar factory as we can make in our distilleries. That fact stares you in the face. He can make four gallons to the bushel, just as much as a distiller can make. He does that without any supervision whatever; not the slightest. There is nothing in the world to prevent him from defrauding the Government, except his own word, which in this case is good; but I pledge you that if you will let my clients make whisky without any supervision they will not defraud the Government either. But you will not take our word for it, and we are subject to the closest supervision. Mr. Beehtner has told you that very few of these vinegar factories have been seized for violation of the law; but, if you require from them the same regulations that are imposed upon distilleries, see how many of them will be seized. They are simply permitted to vaporize and condense, and that is distilling. That can be done just as extensively out of corn in the vinegar factory as it can be done in a regular distillery. Mr. Beehtner admits that, and says that he produces four gallons of spirits to the bushel. That distillation is not subjected to the various provisions of law which so encumber the business of distilleries. Now what we claim, and what we have proven here is, that these spirits can be manufactured and sold at a cost of about 11 cents a gallon. Whatever they charge for it more than that they probably charge as a profit.

The distillers here, as I understand the matter, have no objection to these vinegar men making whisky in their vinegar factories, but they want them, if they do, to be under the same supervision as the distilleries are. They want them to be guarded by the same sort of surveillance which the distillers are compelled to endure. These are hardships on the men who pay taxes. The distillers claim that they stand as well before the law as the vinegar manufacturers. You require one man to have his establishment shingled all over with Government regulations and Government officers, and you permit his neighbor (600 feet away) to carry on the same business without a particle of supervision. That looks to an ordinary man as unjust. Then there is the further fact, shown by Mr. Brooks's testimony, that numbers of these old illicit distillers are now running vinegar factories. Now, to set up one class of men, and to say that they may do this business without any supervision, but that another class of men doing the same class of business must undergo supervision, is unfair. The principle of the law is to do exact justice—not to make flesh of one and fish of the other, but to see that all are equal before the law. There are many regulations in this proposed bill which do not seem to be especially necessary, but the Commissioner of Internal Revenue has said that they are necessary; and so far as this committee is concerned, as between the Commissioner and an attorney for the distillers, I think the Commissioner's statement should be taken in preference. He says it is necessary to have these regulations. The substitute suggested by the Commissioner is to stop vaporizing in vinegar factories, but to permit it in distilleries, and if the vinegar man sees fit to purchase spirits, and to manufacture it into vinegar, he is to have a drawback. What can be fairer legislation than that? I do not think myself that there is any special justice in giving to vinegar factories this drawback on spirits; but it is offered to them simply because Congress does not want the cry raised throughout the country that it is taking the poor man's vinegar. The justice of the thing would require Congress to make vinegar men pay the tax on the spirits; but if it attempted to do so, Mr. Butterworth would find himself in the midst of a constituency

which would say, "That is not quite right." This matter has been talked over, and I have myself talked it over in various ways with the Commissioner of Internal Revenue.

Mr. BUTTERWORTH. With the present Commissioner of Internal Revenue?

Mr. MOULTON. Oh, no; I am not acquainted with the present Commissioner. I believe that every report of the Commissioner of Internal Revenue from 1880 to the present time has contained a recommendation in regard to this matter, and has called the attention of Congress to the fact that these frauds can be committed in vinegar factories, and were in fact committed; and every Commissioner has recommended a modification of this act of 1879 ever since it was passed.

Mr. BUTTERWORTH. And I demanded of Commissioner Evans to give a list of the violations of the law in these vinegar factories, and he could only give nine.

Mr. MOULTON. I am not responsible for the number of violations of the law which the Commissioner knows about, but I know that there are a great many other violations of the law in vinegar factories, and I think I can prove it. But that makes no difference. The question is not how many times the law has been violated; but the real question is whether you will extend the same provision of the law to all who engage in the making of spirits. Will you say that one man shall be put under a guarantee, locked out from the control of his own business, not permitted to go a step without having Government surveillance, and then let his neighbor go without any surveillance at all? It is mockery to call that law.

STATEMENT OF C. J. ROGERS.

Mr. C. J. ROGERS, vice-president New York State Cider and Cider-Vinegar Makers' Association, said:

We wish to state that previous to the passage of the law of 1879 there was no conflict between the whisky-vinegar makers and the cider-vinegar makers. Both articles had been made for many years and sold side by side, and produced in as large quantities as the demand required; the cider vinegar being chiefly used for the table and family pickling, the whisky vinegar for pickling meats and vegetables for market. The prices were reasonable, and no business lost for want of a cheaper vinegar. Under the operation of the law of 1879 the vinegar market soon became overstocked, and prices were cut down to a point where cider vinegar could not compete; particularly against the false color and false brands of the whisky-vinegar makers, as they colored their product to imitate, branded and sold it for pure old cider vinegar, two, three, or four years old, as their fancy dictated or their trade required. So our trade was invaded and cut down to a point that left no profit.

This whisky vinegar is and has been sold for less than the cost of production. As proof of this we give the following:

In a hearing before the Senate Finance Committee, January 30, 1884, Mr. E. S. Stretch, one of the oldest whisky-vinegar makers about New York, stated that a gallon of 40-grain vinegar—this being the average commercial strength—cost produced under this law from 8 to 8½ cents in the factory and without the package. We quote a letter bearing upon this point from an old and reliable house:

HOBOKEN, N. J., *February 24, 1883.*

DEAR SIR: In answer to your inquiry, would say that prior to 1860 we bought whisky from distillers free of tax; the price of vinegar being from 10 to 12 cents per gallon; the cost of the same from 5 to 6 cents per gallon. Prior to 1879 we bought tax-paid whisky from licensed distillers, the price of vinegar being from 18 to 20 cents per gallon, the cost of the same from 14 to 16 cents, giving us a living profit. After the law of 1879 we had to go to the expense of putting up costly distilleries and engaging double the hands we employed before the vaporizing law, while the price of vinegar fell to 8 and 9 cents per gallon, the cost of manufacturing the same being about 9 to 10 cents per gallon. The reason it cost so much to manufacture is because we cannot make spirits as cheap as a distiller, while we are not allowed to use a worm, and through our process much vapor is lost.

As to the quality of vinegar made before 1879, and after the vaporizing law, we do not think there is much difference, but should prefer vinegar made from high wines to that made from low wines.

Our opinion in regard to the law of 1879 is that it should be repealed, because it makes it easy to defraud the Government, there being no trouble to make proof-spirits, even without the use of a worm, and our business will be ruined in short by this law.

Respectfully, yours,

E. REINECKE'S SONS.

Mr. Cushing, the father of the objectionable law, in a hearing before the Senate Finance Committee, April 1, 1884, stated that the cost was $4\frac{5}{8}$ cents per gallon. Now if we take the mean average of these three prices we have something over $7\frac{1}{2}$ cents as the cost of one gallon of 40-grain whisky vinegar, which we judge to be about right. The package and freight by car-load will average 5 cents per gallon, making $12\frac{1}{2}$ cents per gallon for 40-grain vinegar. Now in fact there has been no time in the last three years but what it could be bought for from 3 to 4 cents per gallon less than that. As evidence of this we give the following bona-fide offers made in New York City by the authorized salesmen of different manufactures of whisky vinegar:

January 26, 1885, F. Miller & Co., Cincinnati, Ohio, offered 60-grain vinegar for 10 cents per gallon, freight paid, barrels included. A deduction of 5 cents per gallon for freight and package would make this, when reduced to 40-grain vinegar, $3\frac{1}{2}$ cents per gallon.

February 26, 1885, the East India Condiment Co., Buffalo, N. Y., offered 62-grain vinegar for $8\frac{1}{2}$ cents, freight paid, barrels \$1 each. A deduction of 1 cent per gallon for freight would make this $4\frac{5}{8}$ cents per gallon for 40-grain vinegar.

November 17, 1885, H. Reiderburg & Co., Milwaukee, Wis., offered 65-grain vinegar for $12\frac{1}{2}$ cents per gallon, freight paid, barrels included. A deduction of 5 cents per gallon for freight and packages would make this $3\frac{3}{4}$ cents for 40-grain vinegar.

January 22, 1886, Spielman Bros., Chicago, Ill., offered 70-grain vinegar for 12 cents, freight paid, barrels included. Deducting 5 cents per gallon for freight and packages would make this 4 cents per gallon for 40-grain vinegar.

We are permitted to insert here an extract from a private business letter written by a large dealer in Philadelphia to a New York dealer. The original letter can be produced before the committee if desired:

PHILADELPHIA, *February* 18, 1886.

* * * * *
Paul Bechtner's agent claims that he sold to * * * in this city to-day 3,000 barrels 90-grain whisky vinegar at 14 cents per gallon delivered here, barrels included. He told me this 90-grain vinegar cost him $10\frac{1}{2}$ cents per gallon, and that he would furnish me all the whisky vinegar I may need at cost or his commission off. That would bring that 90-grain vinegar to our firm at $10\frac{1}{2}$ cents per gallon delivered in this city, packages included.
* * * * *

Truly yours,

[Telegram.]

NEW YORK, *March* 17, 1886.

To GUSTAV CLEMENS,
P. O. Box 270, Washington, D. C.:

Jerry Gallivan, 32 North Water street. You are authorized to sign it to letter.
C. S. ROGERS.

With the same deduction of 5 cents per gallon for freight and packages this would make $2\frac{1}{4}$ cents per gallon for 40-grain vinegar.

These statements can be confirmed by many vinegar buyers, and no vinegar manufacturer can successfully contradict them. As it is impossible to compete with such prices our industry is ruined, the fruit-growers and farmers injured each year more than the entire taxes on their farms amounts to, and the consumers of this bogus cider vinegar swindled. We venture to say that one-half of the apple crop of 1885 that was fit only for cider and vinegar was allowed to rot on the ground, and the cider-apples sold did not average over 7 cents per bushel, barely enough to cover the cost of labor. This loss of fruit was an absolute waste, no one being benefited thereby.

We are told that the corn made into vinegar by these distillers aids the farmer. Perhaps it does; but if not used in that way it would not be a waste product, but would go to swell the bulk of food for the masses, and cheap bread is of far more importance than cheap vinegar or cheap whisky.

The statement made by the other side in previous hearings, that a cheap vinegar enables us to compete with other countries in pickled goods, is not borne out by facts. Our prices for such goods, put up in vinegar made from tax-paid spirits, were as low as the prices of any country. England, our greatest competitor in the markets of the world, has always sustained a fair price for vinegar, even higher than our whisky-vinegar made from tax-paid spirits. The following quotations have been received from Grimble & Co., vinegar works, Cumberland market, Regent's Park, London:

No. 24 vinegar—equal to our 40-grain—\$12 per cask of 30 imperial gallons, equal to $37\frac{1}{2}$ wine gallons; deducting \$1 for the cask, it makes the price of English vinegar $29\frac{1}{2}$ cents per gallon, in Liverpool or London.

There is no good reason why vinegar should be exceedingly low in price. The con-

sumer does not get the benefit, as is shown by the retail price of vinegar in various cities. In Washington, D. C., it ranges from 25 to 40 cents per gallon; in Albany, N. Y., from 20 to 40, and in Dubuque, Iowa, from 20 to 40. Vinegar is an article of such very small consumption that it does not attract the attention of the head of the house as much as other supplies. It is estimated that a family of five persons will not consume over ten gallons of vinegar in a year for all purposes for which it can be used. A saving of 10 cents per gallon would only be \$1 in a year, and that, perhaps, at a cost of several in bread and fruit.

There is no finer fruit in the world than the apple. It should be cheap and abundant, and the grower should be encouraged to enlarge rather than curtail the supply; but under the present state of things there is no encouragement for him. He must, year after year, see enough of his crop go to waste which if sold at a small price would more than pay his taxes. We think it was not the intention of Congress, in passing the law, to double the farmer's taxes, or to assist a few persons to the great detriment of the masses, as the law in its development is doing. The law was passed hastily, near the close of the session, without opportunity for that consideration which so important and far-reaching a measure demanded, and without a hearing from those most interested. As regards the purpose for which it was urged by its friends, it is a failure; as an easy means of defrauding the Government of \$5,000,000 or \$6,000,000 annually, it is quite a success; and as an injustice to the fruit-growing interests of the country where it causes a loss far exceeding the loss of revenue to the Government, it demands immediate attention from Congress, and we have faith to believe it will get it. In closing, permit us to suggest that if your honorable committee deem it for the interest of the people to recommend the entire repeal of the present injurious law, it would not result in any large advance in the price of vinegar to the consumer, while at the same time the value of every fruit farm in the country would be increased.



CIGAR WRAPPERS.

WASHINGTON, *March 11, 1886.*

STATEMENT OF MR. HAMMERSTEIN.

Mr. OSCAR HAMMERSTEIN, editor of the United States Tobacco Journal, appeared before the subcommittee. He said:

Mr. Chairman and Gentlemen: The president of the New York Cigar Manufacturers' Association, being prevented by sickness from being here, has appointed me to appear for him. The question before you now is, as I understand it, a proposition (according to Mr. Hewitt's bill) to make the duty on all imported wrappers 75 cents per pound. The business of manufacturing cigars in this country requires the raw material free, if possible; and if that is not possible, at as low a rate of duty as the Government can conveniently put up with.

Two years ago a bill was rushed through in Congress which raised the duty on cigar wrappers partly to 75 cents a pound and left it partly at 35 cents. The tobacco-growers saw, during the past two or three years that the bill has been in operation, a defect. They labored under the impression that the 35-cent portion of the bill permitted too much tobacco to come in at that rate and allowed it to form a dangerous competitor to the home production. They asked, in another bill that was introduced this session, a duty of \$1.50 a pound; but latterly, finding the opposition of the cigar manufacturers all through the United States so pressing, they are modestly satisfied with a duty of 75 cents a pound on all wrapping tobacco. The way they propose to get at it is to strike out the one clause of the present law which permits one part of the tobacco to come in at 35 cents a pound.

Mr. MCKINLEY. They do not ask to have the rate of duty changed?

Mr. HAMMERSTEIN. No, but to make it all 75 cents a pound. This proposition is merely made by the growers in order not to appear to discriminate against The Netherlands. They would be perfectly content to allow the Havana tobacco to come in here at 35 cents a pound, but on the Sumatra tobacco, which is under the control of The Netherlands Government, they want a duty of 75 cents; and so, in order not to offend the one Government or to make any discrimination, they want a uniform duty of 75 cents all around. They are willing to injure the cigar manufacturer without any cause (for there is no cause for any increase of duty) simply in order that there shall be no appearance of discrimination between the two Governments.

What I want to impress you with, gentlemen of the committee, is, that the manufacturers of cigars are absolutely compelled to use Sumatra tobacco. The home tobacco-growers are laboring under the hallucination of believing that the Sumatra tobacco—which has been coming here, and which is still coming here, is of injury to them. It is not so. We cannot do without that Sumatra tobacco. It is in texture, appearance, and general order wholly different from the tobacco that is raised in this country. The tobacco-growers might just as well ask that you put a high duty on potatoes, because they do not sell as much tobacco as they used to sell. The Sumatra tobacco has nothing whatever to do with them. The cigar manufacturer will use it, even if it costs \$5 a pound. It is in demand. The public want it. The cigar manufacturers would never object to this paltry duty of 75 cents a pound if there was any sense whatever in imposing such a duty. They will not use less of the Sumatra tobacco if a high duty is put upon it, and it will only be taking money out of their pockets without any cause.

Mr. MCKINLEY. Would they not put it on the consumer?

Mr. HAMMERSTEIN. Consumers would not stop smoking cigars made from Sumatra tobacco, because the difference in price would be only trifling.

Mr. HISCOCK. How does this question affect the cigar-maker?

Mr. HAMMERSTEIN. It would take more money out of his pocket.

Mr. HISCOCK. How?

Mr. HAMMERSTEIN. By requiring him to pay a high duty.

Mr. HISCOCK. But that comes out of the pocket of the consumer.

Mr. HAMMERSTEIN. Yes; but the cigar-maker is on a very small margin, owing to competition.

Mr. HISCOCK. How much would the proposed increase of duty increase the price of a thousand cigars?

Mr. HAMMERSTEIN. From \$2 a thousand to \$2.50 a thousand.

Mr. HISCOCK. Do you think it would affect the cigar manufacturer or the cigar-maker?

Mr. HAMMERSTEIN. Most assuredly; because the first thing a cigar manufacturer would do would be to deduct the increased duty from the cigar-maker. I have been twenty-five years in the business, and I know all about it.

Mr. HISCOCK. Are you a cigar manufacturer?

Mr. HAMMERSTEIN. I am both a cigar manufacturer and a cigar-maker; I am everything; I am an expert in the trade; I have worked at it twenty-five years.

Mr. HISCOCK. You are an actual cigar-maker also?

Mr. HAMMERSTEIN. Yes. If you ask me to make a cigar for you, I will make it right here. I am the editor of the United States Tobacco Journal, which is the organ of the tobacco trade. If any benefit would accrue to the tobacco-growers by the increase of duty the tobacco manufacturers would at once comply with the proposition and not oppose it.

Mr. MCKINLEY. And you mean to say that Sumatra tobacco does not compete with the domestic production?

Mr. HAMMERSTEIN. Not at all.

Mr. MCKINLEY. It does not lessen the use of the tobacco produced here?

Mr. HAMMERSTEIN. It does not lessen the use of the tobacco grown here; on the contrary.

Mr. MCKINLEY. Does it lessen the price of the American product?

Mr. HAMMERSTEIN. Not one particle. What has lessened the price, and is lessening the price, of the American product is its poor quality—the continually decreasing quality of American tobacco. There are sections of the country where they raise superior tobacco to the Sumatra tobacco.

Mr. HISCOCK. Where are these sections?

Mr. HAMMERSTEIN. The Housatonic Valley, for instance, and that tobacco brings a high price.

Mr. HISCOCK. Is this Sumatra tobacco a high order of tobacco?

Mr. HAMMERSTEIN. It is a very high order of tobacco. If it were not, it would not be so much in demand. It gives an excellent appearance to cigars.

Mr. HISCOCK. It has an increased wrapping capacity over domestic tobacco?

Mr. HAMMERSTEIN. In some cases it has, and in some cases it has not. For the reason that the Sumatra tobacco is very fine and silky, and the home tobacco is very coarse and thick, the home tobacco has to be used for a different purpose—for binders and inside wrappers.

Mr. BRECKINRIDGE, of Arkansas. What is the price of this fine American tobacco that you spoke of a moment ago?

Mr. HAMMERSTEIN. Twenty-five cents a pound is about the running average price. That includes wrappers, binders, and fillers. But when you take the merely wrapper portion of it, it comes to about 45 cents a pound. This is an exceedingly profitable tobacco to the growers; and not a solitary grower from that section is in favor of any increase of duty.

Mr. BRECKINRIDGE, of Arkansas. What percentage of that crop would be called wrappers?

Mr. HAMMERSTEIN. About one-half wrappers, one-quarter binders, and one-quarter fillers.

Mr. BRECKINRIDGE, of Arkansas. What is the price of Sumatra tobacco?

Mr. HAMMERSTEIN. It is a good deal higher. That is why it is preferred.

Mr. BRECKINRIDGE, of Arkansas. You do not mean that it is preferred simply because the price is higher, but I suppose you mean because it is better.

Mr. HAMMERSTEIN. It is not better in comparison with Housatonic tobacco.

Mr. BRECKINRIDGE, of Arkansas. The mere fact of high price does not make a thing popular, but there is some other cause for the popularity.

Mr. HAMMERSTEIN. The Sumatra tobacco is worth on the average \$1.35 in New York, duty paid.

Mr. BRECKINRIDGE, of Arkansas. How much is the duty?

Mr. HAMMERSTEIN. Partly 35 cents a pound and partly 75 cents a pound.

Mr. BRECKINRIDGE, of Arkansas. What is the price of it on the other side?

Mr. HAMMERSTEIN. Varying from 75 cents a pound to 95 cents a pound.

Mr. HISCOCK. You say that the Housatonic people are not interfering in this matter?

Mr. HAMMERSTEIN. Not at all.

Mr. HISCOCK. They have signed a great many petitions in favor of the bill.

Mr. HAMMERSTEIN. They are merely enrolled as members of the Tobacco Growers' Association, but none of them are taking an active part in it.

Mr. HISCOCK. They have signed petitions.

Mr. HAMMERSTEIN. They have been influenced by the other tobacco-growers and are helping them along.

Mr. HISCOCK. They are here as the others are.

Mr. HAMMERSTEIN. Not from the Housatonic Valley but from the Connecticut Valley. Mr. Phelps has been here representing the New England tobacco-growers. Housatonic Valley is a very small section. It is able to produce a tobacco equal if not superior to Sumatra tobacco, and it is deriving an immense benefit from the Sumatra tobacco. You can readily see that whenever the tobacco-growers of this country will raise a tobacco as good as the Sumatra tobacco its cheapness is so apparent as against the Sumatra tobacco (even with a duty of 35 cents) that there is no reason at all for putting any duty on Sumatra tobacco.

Mr. MCKINLEY. What is the cost of labor used in producing Sumatra tobacco?

Mr. HAMMERSTEIN. It would be wrong for me to say that it was high, and it would be wrong for me to say that it was low.

Mr. MCKINLEY. How much is it?

Mr. HAMMERSTEIN. It is generally said to be about 25 cents a day.

Mr. BRECKINRIDGE, of Arkansas. How long has the Sumatra tobacco been used in this country?

Mr. HAMMERSTEIN. For the last four years. I was the first man who appeared before the Tariff Commission at Long Branch on the subject of the duty on Sumatra tobacco.

Mr. HISCOCK. Are you in favor of the tax on cigars?

Mr. HAMMERSTEIN. Most assuredly.

Mr. HISCOCK. Why?

Mr. HAMMERSTEIN. The manufacturer of cigars requires an entirely different quality of labor from that required in raising tobacco.

Mr. HISCOCK. You would give protection to labor, and that is why you are in favor of it?

Mr. HAMMERSTEIN. The labor of raising tobacco is a very inferior kind of labor, not skilled, while the manufacturer of cigars requires skilled labor.

Mr. HISCOCK. Are you in favor of protecting all labor whether skilled or unskilled?

Mr. HAMMERSTEIN. I am in favor of protecting only intelligent labor, labor that is actually of value to the country.

Mr. HISCOCK. Is there any kind of labor in this country that you are not in favor of protecting?

Mr. HAMMERSTEIN. Yes, sir. A good many things are produced in this country which do not need to be protected at all.

Mr. HISCOCK. That is not the question. I ask you if you are not in favor of protecting all grades and all classes of labor in this country?

Mr. HAMMERSTEIN. No, sir.

Mr. BRECKINRIDGE, of Arkansas. What class of labor is best able to take care of itself?

Mr. HAMMERSTEIN. Skilled labor.

Mr. HISCOCK. You say that skilled labor is best able to protect itself, and yet you say that you would give it the higher protection?

Mr. HAMMERSTEIN. Skilled labor is not best able to protect itself. You must have misunderstood me. Skilled labor in this country is paid a good deal higher than in any other country.

Mr. MCKINLEY. Is not that so with common labor?

Mr. HAMMERSTEIN. No, sir; common labor is paid less than in Europe.

Mr. MCKINLEY. You have told us that that labor in raising Sumatra tobacco is paid only 25 cents a day.

Mr. HAMMERSTEIN. That is a different kind of labor, entirely; that is cooly labor.

Mr. MCKINLEY. What do we pay here for the same kind of labor?

Mr. HAMMERSTEIN. About 75 cents a day; but the growers of tobacco in Sumatra have to pay an enormous revenue to the Government.

Mr. MCKINLEY. Then you are not in favor of protecting our farm labor against the cooly labor and foreign labor engaged in the same employment; but you are in favor of protecting skilled labor in cigar-making against competition from the other side?

Mr. HAMMERSTEIN. You are putting this question quite wrongly. I am not. I say that the cooly labor is paid only 25 cents a day, and the labor here is 75 cents a day; but the cooly labor there produces very little. They are only able to work a very small portion of the day. Here they can work from morning to night if the weather is fine.

There the weather may be absolutely fair, but they are unable to work between 11 o'clock in the morning and 5 o'clock in the afternoon.

Mr. McKINLEY. Then the capacity of the one is equal to that of the other in comparison to the cost?

Mr. HAMMERSTEIN. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. You mean to say that it requires about the same cost of labor to produce the article on one side as on the other?

Mr. HAMMERSTEIN. That is what I meant to say.

Mr. HISCOCK. Are you sure of that?

Mr. HAMMERSTEIN. From the experience and learning of so many years and from having thoroughly studied the subject, I can talk with a great deal of certainty about it.

Mr. BRECKINRIDGE, of Arkansas. If you will pardon me, we will have to close the hearing very soon; and there are others yet to be heard.

Mr. HAMMERSTEIN. You have led me on to quite a different question from that which I intended to present; and now you are cutting off our time. We have divided up the subject, and there are men here to discuss the labor side of the question.

Mr. McKINLEY. I understood you to say in reply to Mr. Hiscock that you were not in favor of protecting unskilled labor in this country.

Mr. HAMMERSTEIN. I am not.

Mr. McKINLEY. But you are in favor of protecting skilled labor?

Mr. HAMMERSTEIN. Undoubtedly; but my opinion as to protecting skilled or unskilled labor has very little to do with the fact that the country demands a certain kind of tobacco, and the American tobacco-growers are unable to raise this tobacco. Therefore the question whether the labor is cheap or dear has very little to do with the subject before you. It is an article which we cannot produce. So what does it signify whether they can raise this tobacco in Sumatra at 25 cents a day or 10 cents a day? So long as they are not competitors of ours that question has nothing to do with it.

Mr. McKINLEY. What does it cost a cooly for his clothing?

Mr. HAMMERSTEIN. If we cannot produce the article, what has that do with it? We are not able to produce it, whether labor is dearer or cheaper, skilled or unskilled. If you cut me off right in the object for which we came here, I will withdraw.

Mr. McKINLEY. There is no desire to cut you off.

Mr. HAMMERSTEIN. Then I will proceed.

Mr. BRECKINRIDGE, of Arkansas. There are other gentlemen who have appointments with us as well as yourself.

Mr. HAMMERSTEIN. We have come here from New York and Philadelphia to be heard on certain subjects, not on the labor question.

Mr. McKINLEY. It enters into it.

Mr. HAMMERSTEIN. This question of labor does not enter into the question of the duty on Sumatra tobacco.

Mr. HISCOCK. Do you not think that an absolutely prohibitory duty on Sumatra tobacco would have the effect of increasing the price of wrapper tobacco produced in this country.

Mr. HAMMERSTEIN. Undoubtedly.

Mr. HISCOCK. Then does not the labor question enter into it?

Mr. HAMMERSTEIN. Perhaps it does.

Mr. BRECKINRIDGE, of Arkansas. You are instructing us much more than you think you are. All that you have been talking about is very interesting.

Mr. HAMMERSTEIN (to Mr. HISCOCK). If a prohibitory duty is put on a thing it is plain (and it does not take an editor or anybody else to find it out) that the price of the article is increased; but it is not the same thing when the rate of duty is merely put up.

Mr. HISCOCK. Then a prohibitory duty on Sumatra tobacco would be for the benefit of tobacco-growers in this country.

Mr. HAMMERSTEIN. And a great harm to the cigar manufacturer and the consumer. If it is fair to the one it is not fair to the other.

Mr. HISCOCK. So far as I am concerned I believe in distributing it a little. What is sauce for the goose is sauce for the gander.

Mr. HAMMERSTEIN. If anybody will show me that a small increase of duty on Sumatra tobacco will be of benefit to the home product, I will not object so much; but I think it will not be of any benefit to them.

Mr. HISCOCK. But you admit that a prohibitory duty would be?

Mr. HAMMERSTEIN. Yes, if you put a duty of \$5 a pound upon it; but if you only add 35 cents a pound to the duty you are only taking that much more out of the pocket of the manufacturer, without any benefit to the home producer.

Mr. HISCOCK. Do you think that a duty of \$1.50 per pound would help the home producer?

Mr. HAMMERSTEIN. No; that would not be enough.

Mr. HISCOCK. How much do you think would be enough?

Mr. HAMMERSTEIN. Three or four dollars a pound. If you want to prohibit it entirely, why not do so?

Mr. BRECKINRIDGE, of Arkansas. You think that \$1 a pound would be enough to oppress the manufacturer without affecting the trade?

Mr. HAMMERSTEIN. Without affecting the trade. It would be simply taking out of the pocket of the manufacturer that much money and not doing the tobacco-grower any good.

Mr. MCKINLEY. It would increase the revenue.

Mr. HAMMERSTEIN. Yes; that is all it would do. If that is the object of the bill, and the Government wants the money, we have nothing to say.

Mr. MCKINLEY. A duty of 75 cents a pound would be a tariff for revenue?

Mr. HAMMERSTEIN. Yes.

Mr. MCKINLEY. And would not stop the import of Sumatra tobacco?

Mr. HAMMERSTEIN. Not a particle.

Mr. BRECKINRIDGE, of Arkansas. What would be the effect upon the tobacco which goes to make up the body of a cigar if our supply of attractive wrappers were limited? Would there be less cigars consumed? What effect would it have upon the values of our American tobaccos? Would it lower the price? Would it make a less demand for tobaccos to make cigars if you could not get suitable wrappers?

Mr. HAMMERSTEIN. Then some substitute would have to be discovered—something artificial?

Mr. BRECKINRIDGE, of Arkansas. You would not buy so much ordinary tobacco?

Mr. HAMMERSTEIN. Inventive genius would have to adopt something for wrappers.

Mr. HISCOCK. How much Havana tobacco is imported for wrappers?

Mr. HAMMERSTEIN. About 10,000 bales a year on the average.

Mr. HISCOCK. That does not amount to much.

Mr. HAMMERSTEIN. It amounts enormously. Every manufacturer of cigars in Florida is depending on Havana wrappers. If you put a high duty on Havana wrappers this whole town of Key West, which employs from 7,000 to 10,000 cigar-makers, will be depopulated. It will shut up the cigar manufactories of Florida, because then Havana cigars would have to be imported. If anybody has come here and said that the manufacture of clear Havana cigars is small and insignificant such a statement is absolutely wrong.

Mr. HISCOCK. How much does the importation of Havana tobacco that is used only for wrappers amount to?

Mr. HAMMERSTEIN. Ten thousand bales a year.

Mr. HISCOCK. How many cigars does that make?

Mr. HAMMERSTEIN. About 8,000 to a bale.

Mr. MCKINLEY. Does not a large part of that come in as fillers, and is it not afterward used as wrappers?

Mr. HAMMERSTEIN. No, sir; none comes into the country as fillers and is used as wrappers. It is impossible to do it.

Mr. MCKINLEY. And it is not done in practice?

Mr. HAMMERSTEIN. No, sir; it is not done in practice. There are other cigar manufacturers here, and I do not believe you have been searching enough in your inquiries. You have not gone into the matter half as thoroughly as we should wish.

Mr. BRECKINRIDGE, of Arkansas. Then we will meet you again at 3 o'clock.

The committee then took a recess till 3 o'clock p. m.

3 O'CLOCK P. M.

The subcommittee met.

Mr. HAMMERSTEIN (resuming). I was asked by one of the gentlemen, I suppose a member of the committee, whether a very high duty, in fact a prohibitive duty on Sumatra tobacco would not raise the price of domestic tobacco, and I answered, yes, but I ought to have added at that point that it would raise the price of domestic tobacco, provided that the present duty on cigars would remain as it is. What we need is more protection against imported cigars. If you or any one of the committee would favor a prohibitive duty on Sumatra tobacco you or he should at once also make the same rule apply to cigars, for the reason that a prohibitive duty on Sumatra tobacco would greatly increase the consumption of foreign-made cigars, and would naturally have the effect of injuring our industry considerably.

Mr. MCKINLEY. Would not domestic competition keep down the price?

Mr. HAMMERSTEIN. We cannot supply the demand as it exists now for Sumatra and Havana cigars; we could not do so under a prohibitive duty. If you had been smoking domestic cigars made of Havana tobacco, and there should be such a duty put on tobacco

that you could not protect it longer, you certainly would try to get the article imported and where would be the benefit to the laborer and the manufacturer? It seems to me, from all the interrogations made here, the idea is that labor is not suffering but the tobacco-grower is, and that the labor question enters very little into this controversy.

Mr. MCKINLEY. I will ask you if you know the difference between the price paid to cigar-makers on the other side who make the cigars with which you compete and the price you pay cigar-makers here.

Mr. HAMMERSTEIN. The price paid to cigar-makers on other side—which side?

Mr. MCKINLEY. In Cuba or anywhere else—the cigars that compete with the domestic cigars made by your own workmen.

Mr. HAMMERSTEIN. Labor in Cuba is considerably higher than here, while labor in Germany, where they can produce as good a cigar, is considerably lower; in fact, the labor in Germany, where we have to pay here from eight to ten dollars, can be had there for two.

Mr. MCKINLEY. You say the labor in making cigars is higher in Cuba than here.

Mr. HAMMERSTEIN. Yes, sir.

Mr. MCKINLEY. How do you pay cigar-makers?

Mr. HAMMERSTEIN. By the thousand.

Mr. MCKINLEY. How much do you pay?

Mr. HAMMERSTEIN. All the way from seven to fifteen dollars, but on some fine cigars as high as \$20, but the average is between seven and fifteen dollars.

Mr. MCKINLEY. Then you don't want any duty, as I understand, to make up the difference between the price paid labor here in making cigars and the price paid in Cuba, because Cuba pays a higher rate than you do.

Mr. HAMMERSTEIN. Just so.

Mr. MCKINLEY. The labor is in your favor here.

Mr. HAMMERSTEIN. Only on that class of goods. You can produce a very cheap article of the same tobacco in Germany, and even in Canada, and bring it here under the present duty. In case you raise the duty—

Mr. MCKINLEY. I understand you to say that you want the duty on cigars to protect your laborers or cigar-makers. Now, you say that in Cuba the labor is higher than here and that in Germany it is lower.

Mr. HAMMERSTEIN. Yes, sir.

Mr. MCKINLEY. Do you know how much lower?

Mr. HAMMERSTEIN. Nearly 500 per cent.; more than that. A cigar-maker here is paid \$8, where there he is paid \$2.

Mr. BRECKINRIDGE, of Arkansas. Where you pay \$8 they pay a man only \$2?

Mr. HAMMERSTEIN. Yes, sir; but I wish to impress upon you the fact that Europe has no import duty, or it is very trifling, and therefore they can get all the tobacco they want free of duty, and that, combined with their cheaper labor, gives them an advantage.

Mr. BRECKINRIDGE, of Arkansas. The Sumatra tobacco would just simply come wrapped around a cigar, and consequently at a lower rate?

Mr. HAMMERSTEIN. Yes, sir; the cigar manufacturers of this country have had hardly any aid from the Government within the last twenty-five years. We have always paid a duty of 25 cents a pound on leaf tobacco, and an additional tax, averaging from \$25 down to \$3, now. We have always had to pay the Government a certain portion of the profits, and, besides that, our capital in the manufacture of cigars has always required a great deal of money.

Mr. MCKINLEY. What is the lowest tax—the license tax?

Mr. HAMMERSTEIN. Yes, sir.

Mr. MCKINLEY. Would you want that removed?

Mr. HAMMERSTEIN. Yes; the manufacturers would favor it.

Mr. BRECKINRIDGE, of Arkansas. Distinguish now between the license law and the tax per thousand.

Mr. HAMMERSTEIN. The license tax is \$10 and the per thousand is \$3 for every thousand cigars we make. In order to restimulate our industries in this country so that we can manufacture cigars for the world and use every pound of tobacco which our farmers and tobacco-growers are able to produce, it is necessary to have as low a duty as possible. In fact, if we had no duty at all on tobacco we could, for instance, get our Havana tobacco free of duty, and we could manufacture for export.

Mr. MCKINLEY. Would you still want a duty on cigars if you had free raw material?

Mr. HAMMERSTEIN. If there was no duty at all we would be able to compete with any country in the world, owing to the advanced state of our industries. We have in use such ingenuity as is capable of bringing better cigars than is made anywhere in the world, and we would be able to produce articles to be sold for export, while at present we cannot.

Mr. BRECKINRIDGE, of Arkansas. Now, you pay a man \$8, while he gets \$2 in Germany?

Mr. HAMMERSTEIN. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. Do you maintain that because of the superiority of your workmen and the superiority of the machinery you use, for I believe there are a great many machine-made cigars?

Mr. HAMMERSTEIN. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. Do you believe that on account of these things you can turn out a thousand cigars, in spite of the high price you pay labor, cheaper per thousand than they can in Germany?

Mr. HAMMERSTEIN. Yes, sir; for the reason that our tobacco is right here; we have an immense surplus of tobacco here. There is not such an enormous surplus at present, but we could raise a great deal more tobacco and consume a great deal more tobacco if we had the foreign article free of duty to mix with it. That we have not got.

Mr. BRECKINRIDGE, of Arkansas. Your two points of advantage are that you are nearer the tobacco, and the superiority of your labor appliances.

Mr. HAMMERSTEIN. Yes, sir; that is the idea.

Mr. BRECKINRIDGE, of Arkansas. Now, what would be the effect, then, of your making cigars and being exporters all over the world, upon the price in this country of our domestic tobacco that we use in the cigars—to increase the price of domestic cigars, or lower it?

Mr. HAMMERSTEIN. It would increase the consumption; I don't believe it would increase the price. I think the present price would remain the same; but it would give the farmer greater opportunities to raise tobacco. They would not have a surplus, but would raise more. We have no outlets here for our goods. Now, an effort to raise the duties again on the flimsy pretext of the labor question is wholly wrong, for the reason that we have not and do not produce any other tobacco here; it is a different article entirely, and whether they can raise it at 4 cents or \$4 ought not to enter into it; it is not a competitive article. Our laborers get 75 cents where they get 25.

Mr. BRECKINRIDGE, of Arkansas. But they have to pay a bonus to Government for that labor—the cooly labor.

Mr. HAMMERSTEIN. Not only that; they are taxed very high in various ways.

Mr. BRECKINRIDGE, of Arkansas. Do you consider that tobacco is produced at less per pound when you take into consideration all the incidental expenses and inefficiency of labor? Do you believe that the Sumatra tobacco is produced at a less cost per pound than tobacco in this country?

Mr. HAMMERSTEIN. I don't believe it. Let me tell you that our tobacco does not cost the growers more than 7 cents a pound, and it is a well-known fact in the trade.

Mr. BRECKINRIDGE, of Arkansas. What does it cost in Sumatra?

Mr. HAMMERSTEIN. It costs considerably more.

Mr. BRECKINRIDGE, of Arkansas. What does it cost in Cuba?

Mr. HAMMERSTEIN. It runs all the way from 10 cents to 40 or 50 and 60 cents. We are able to produce tobacco cheaper than anywhere else in the world. I will say again, as an expert in the trade, that there would be no necessity for a single case of tobacco to be lying idle unsold in this market, if the tobacco-growers and the speculators would be willing to accept a corresponding price for export. We could export the whole surplus.

Mr. McKINLEY. Do you mean to say that it costs more to produce Sumatra tobacco than our Havana tobacco here?

Mr. HAMMERSTEIN. It costs more, undoubtedly. If you want statistics on that point I can provide them hereafter. At present I have nothing but the memorial which our association presented. I have complete statistics on this point, and this gentleman from Philadelphia has a valuable work on the Sumatra question which touches on every point of the question, as you will readily see from a glance at it. You will find the whole statistics there relating to consumption, crops, &c.

Mr. BRECKINRIDGE, of Arkansas. Do they give the cost of production?

Mr. HAMMERSTEIN. I do not know that they do.

Mr. BRECKINRIDGE, of Arkansas. You must get that. It is an important point.

Mr. HAMMERSTEIN. Do you wish the comparative cost of producing tobacco here and in Sumatra?

Mr. BRECKINRIDGE, of Arkansas. Yes; and in as many other places as you know.

Mr. HAMMERSTEIN. I certainly will send it to you signed by such parties in the trade as are familiar with the subject. Now, there are other experienced tobacco-men here who can give you very valuable information on the subject.

Mr. BUCK. I want to ask you what you meant this morning when you said that the law of 1883 had been administered in such a way that there were two duties, one of 35 cents and one of 75 cents. Did I understand you aright?

Mr. HAMMERSTEIN. Yes, sir; there are two duties; one is on wrappers of not more than one hundred leaves to the pound, and is put at 75 cents a pound. Now it is proposed to strike this out.

Mr. BUCK. Then all other leaf tobaccos are dutiable at 35 cents. You have mentioned one grade and this is correct. Now, is it not true that all other grades of leaf tobacco are put at 35 cents?

Mr. HAMMERSTEIN. Yes, sir.

Mr. BUCK. Then what you meant by your statement was that there were two grades of Havana, with different duties on them?

Mr. HAMMERSTEIN. Yes, sir.

Mr. BUCK. One 35 cents and the other 75 cents and \$1.

Mr. HAMMERSTEIN. Not a dollar. One was 35 cents and the other 75 cents.

Mr. BUCK. Are not you mistaken? There are two grades.

Mr. HAMMERSTEIN. Yes, sir.

Mr. BUCK. One is represented by the second clause in the tobacco schedule, which says: "Leaf tobacco of the requisite size and quality, and of which 85 per cent. is suitable for wrappers and of which it takes less than 100 leaves if not stemmed, 75 cents; if stemmed, \$1." That is one kind of tobacco.

Mr. HAMMERSTEIN. Yes; these two go into one.

Mr. BUCK. And all other leaf tobacco is at 35 cents.

Mr. HAMMERSTEIN. No, sir; all other wrappers, including fillers, certainly. This represents only the tobacco suitable for wrappers.

Mr. BUCK. I understand you to say that in the three classes there were two grades, one 35, the other 75. I knew they got them in at 75, but I knew they got them in by evading the law.

Mr. HAMMERSTEIN. I think by saying "evading" the law you are not giving it the right name. There is no evasion of the law. It is in the bad construction of the law; and I do not believe this committee will be able to make a law comprehensible as long as they try to make that division.

Mr. BUCK. Do you think the law of 1883 meant that there should be a tax of 75 cents a pound on Sumatra tobacco?

Mr. HAMMERSTEIN. No, sir; emphatically not. Congress meant to put on two duties, 35 cents and 75 cents, but the inability to make the thing comprehensible was the difficulty. They did not want to hurt Cuba, and it was so indefinitely stated that it allowed of two constructions of the law. It was natural that the importers would not construe the law for the benefit of the Government.

Mr. BUCK. Are you willing that this committee should have a law that there could be no two constructions put upon?

Mr. HAMMERSTEIN. Most assuredly. We want a law absolutely distinct.

Mr. BUCK. But you want to reduce the duty.

Mr. HAMMERSTEIN. If there was no duty it would be better.

Mr. BUCK. Would you want it at 35 cents or 75 cents?

Mr. HAMMERSTEIN. They would protest against 75.

Mr. BUCK. Your proposition is that as long as there are two constructions of the law you want to leave it where it is, and if there is to be any one plain construction you want a less duty.

Mr. HAMMERSTEIN. That is the idea.

STATEMENT OF MR. JAMES N. JEITLES.

Mr. JAMES N. JEITLES, of Philadelphia, said:

I am a cigar manufacturer and nothing else. I am president of the Cigar Association in Philadelphia, and I want to show how little Sumatra tobacco is really used in comparison with the great quantity of other tobacco. I have brought with me samples of leaf tobacco so as to demonstrate it to you practically, and show that the matter has been very much overdone. What I mean to say is simply this, that the great outcry is really a fiction. There is no cause for it, because in the last year only 4,000,000 pounds of Sumatra tobacco was used to 75,000,000 pounds of our native leaf. So you can see the difference is so great that this outcry is really not necessary.

Mr. MCKINLEY. Does seventy-five million include all kinds of tobacco?

Mr. JEITLES. Yes, sir.

Mr. MCKINLEY. And the four millions includes Sumatra for wrappers?

Mr. JEITLES. Yes, sir.

Mr. MCKINLEY. You mean tobacco used in making cigars?

Mr. JEITLES. Of course. Four millions were used last year in this entire country

from Maine to California on wrappers, but in order to use 4,000,000 pounds it really required 75,000,000 pounds of other tobacco to use it up. Now, I will show you what is called Sumatra, and here is the native leaf. And I will say here that our farmers could really produce tobacco equal, if not more than equal, in quality, but perhaps not quite equal in looks, with some diligence and attention to science.

Mr. HISCOCK. What quantity in weight of the best American wrappers would equal a pound of Sumatra wrappers for wrapping purposes?

Mr. JEITLES. I do not think it requires more than double.

Mr. HISCOCK. Is it not one to four?

Mr. JEITLES. Oh, no; I think, in fact I know, that using what is known as Connecticut Spanish or Wisconsin Spanish, or even New York State Spanish when it is properly raised and well taken care of, it will not require more than 8 pounds to make 1,000 cigars, and then all of that would not be used—part would be thrown aside for other uses.

Mr. BRECKINRIDGE, of Arkansas. How many pounds of Sumatra tobacco is required for 1,000 cigars?

Mr. JEITLES. About 4 pounds.

Mr. BRECKINRIDGE, of Arkansas. Now proceed with your argument.

Mr. JEITLES. Now here is some Havana tobacco before you. I want to show you how trivial the amount of Sumatra tobacco is that is used in a cigar. Here is the amount used for a binder.

Mr. BRECKINRIDGE, of Arkansas. Where does that come from?

Mr. JEITLES. From Pennsylvania. Now I can make a cigar of clear native tobacco, which really, gentlemen, I think that more than nine-tenths, yes, perhaps ninety-five one-hundredths, of all the cigars made in this country are made of that native tobacco—cigars sold at 5 cents and under.

Mr. BRECKINRIDGE, of Arkansas. What do you make the paste out of?

Mr. JEITLES. Gum.

Mr. BRECKINRIDGE, of Arkansas. Ordinary mucilage?

Mr. JEITLES. No; just what we call gum.

Mr. BRECKINRIDGE, of Arkansas. Do they always use paste as clean as that before you?

Mr. JEITLES. Yes, sir; that is the stuff.

The witness here took a cigar and divested it of the wrapper, and produced a pair of scales, and after weighing the wrapper as taken off and the cigar without the wrapper, said:

The wrapper weighs 3 grains, and the cigar without the wrapper weighs 80 grains; that is to say, the wrapper weighs 3 grains out of 83, the whole weight of the cigar, and that will be the average in every cigar made.

Mr. MCKINLEY. Were there any wrappers imported last year as wrappers?

Mr. JEITLES. Certainly.

Mr. HISCOCK. Where from?

Mr. JEITLES. From the Netherlands and from Cuba.

Mr. HISCOCK. Do you say from Cuba?

Mr. JEITLES. Yes, sir.

Mr. HISCOCK. How much?

Mr. JEITLES. Not much.

Mr. HISCOCK. Mr. Hammerstein said 10,000,000 pounds.

Mr. JEITLES. Of Havana tobacco, but not all wrappers, I guess, although I am not at all familiar with the figures.

Mr. HAMMERSTEIN. I said 10,000 bales out of 50,000 bales.

Mr. HISCOCK. Here is this statement from the Treasury Department: "No tobacco imported from Cuba was returned by collectors of customs as suitable for wrappers."

Mr. HAMMERSTEIN. Why, the idea!

Mr. JEITLES. Possibly, as the tariff is the same on fillers and wrappers, there is no distinction made.

Mr. MCKINLEY. Was there tobacco imported from Cuba last year suitable for wrappers?

Mr. JEITLES. Yes, sir; positively. It is imported every year, depending on the size of the leaf and the crop.

Mr. MCKINLEY. Here is a letter from the Treasury Department, which reads:

TREASURY DEPARTMENT, BUREAU OF STATISTICS,
Washington, D. C., March 11, 1886.

Mr. JOHN R. BUCK, M. C.,
House of Representatives:

DEAR SIR: In reply to your inquiry I have the honor to state that the amount of tobacco imported into the United States from Cuba during the year ending June 30,

1885, was, pounds, 9,754,099; value, \$3,930,580, the import value being 40 cents per pound.

No tobacco imported from Cuba was returned by collectors of customs "as suitable for wrappers."

WILLIAM L. SWITZLER,
Chief of Bureau.

Mr. HAMMERSTEIN. Why should they be returned, as the tariff is equal on fillers and wrappers? Why should there be a designation? Why should you show a difference? Why should they mention it at all, the tariff being 35 per cent. on all imported tobacco, or rather on tobacco that is used for covers?

Mr. MCKINLEY. You use this same tobacco for wrappers, don't you?

Mr. JEITLES. Certainly.

Mr. MCKINLEY. And it is suitable for wrappers?

Mr. JEITLES. Yes, sir.

Mr. MCKINLEY. But it is not entered as suitable for wrappers, and you get the benefit of the lower duty.

Mr. BUCK. That is because they are commercially known as fillers.

Mr. HAMMERSTEIN. No, sir; you are wrong about that.

Mr. JEITLES. Now, as to Havana wrappers. The act of 1883 made no allusion to it at all. The act of 1883, which varied the tariff according to weight and fineness of cigars, did not affect Havana tobacco. I mean to say that our farmers can, by diligence and care, and some little science, raise tobacco nearly equal to Sumatra in looks, and I am certain far better in quality.

Mr. HISCOCK. Don't you think it would be a good plan to give protection, so as to develop the industry?

Mr. JEITLES. Have they not enough?

Mr. HISCOCK. They think not.

Mr. JEITLES. Why?

Mr. HISCOCK. Because they are not making enough money.

Mr. JEITLES. Can you name anything that has more protection?

Mr. MCKINLEY. Are the cigars more protected than the tobacco?

Mr. JEITLES. No; you take the tariff off cigars, where would the farmer then be?

Mr. MCKINLEY. You take it off tobacco, and then where would the farmer be?

Mr. JEITLES. He would exist just the same.

Mr. HISCOCK. You take the tariff off cigars, and where would the manufacturer be?

Mr. JEITLES. He, of course, would not exist as happily as now by taking it off. But that is not taking it off; the 35 per cent. is enough. Possibly there may be some gentlemen here who remember that the farmers received just as much for their tobacco before Sumatra tobacco came in vogue as they do now.

Mr. MCKINLEY. Didn't they get more before Sumatra tobacco came in.

Mr. JEITLES. What I mean to state is this: That the present prices which they get are equal to those they received before Sumatra tobacco came in vogue.

Mr. MCKINLEY. Do you mean to say the price of tobacco has not gone down since Sumatra tobacco came in?

Mr. JEITLES. No, sir; it has not. The farmer gets no more and no less.

Mr. HISCOCK. Do you mean to say that tobacco raised in this country suitable for wrappers has not gone down?

Mr. JEITLES. Well, the farmer gets the same prices now that he used to.

Mr. HISCOCK. I am now simply confining it to wrappers. Do you mean to say that the price of American tobacco fit for wrappers has not gone down?

Mr. JEITLES. No; not such as is fit for wrappers. Only such as is unfit.

Mr. HISCOCK. You mean by "unfit," it has become unfit as compared with this Sumatra tobacco; in other words, it cannot compete with this.

Mr. JEITLES. No; that is not it. If we did not have Sumatra tobacco, we would use, of course, the poor stuff, but ill success only would come out of it. But I tell you, gentlemen, this outcry against Sumatra tobacco was never started among the farmers. It was simply started by the packers and speculators.

Mr. HISCOCK. You are entirely mistaken in that. I happen to live in a tobacco-growing district, and I know right the other way.

Mr. JEITLES. It was simply because the packers went among them and said: "Now, if we get this Sumatra out of the way, instead of paying you 15 or 16 cents for your crop, we would be able to pay you 20 cents." That is the packer's argument. As it is, the packers are not making so much money.

Mr. MCKINLEY. It has brought down the price of tobacco.

Mr. JEITLES. If there is a reduction in the price, it is not so much owing to the use of 4,000,000 pounds of Sumatra. It is more owing to dull times.

Mr. HISCOCK. Four million pounds of Sumatra in what time?

Mr. JEITLES. In one year.

Mr. HISCOCK. It is six months.

Mr. JEITLES. Oh, no.

Mr. HISCOCK. But here is the official statement showing that.

Mr. JEITLES. That shows the importation, but not the consumption. A man may import a hundred million, and not use five million. Last year out of the mass of cigars made in this country, one cigar was made of Sumatra tobacco to eighteen or nineteen of the leaf. And another point: it so happens that since the last two or three years, while Sumatra tobacco has been in vogue, that other States have taken to growing tobacco, which naturally causes overproduction. Everything is regulated by supply and demand.

Mr. MCKINLEY. But you have just admitted that you had been importing a good deal more than you were using?

Mr. JEITLES. What of that? Cannot a man buy ahead a million pounds?

Mr. MCKINLEY. Undoubtedly he can, and he can buy the American product ahead if he wants to; but I understood you to say that this whole matter was regulated by demand and supply. Now, I suppose it is rather regulated by the fact that you can take advantage of the markets and you do it.

Mr. JEITLES. But you understand if there had been 4,000,000 pounds imported in six months, the reason for that was that the 35-cent duty was a standard duty.

Mr. HISCOCK. Do you use all the Sumatra?

Mr. JEITLES. No.

Mr. HISCOCK. You are really an importer?

Mr. JEITLES. No, sir; I am simply a manufacturer.

Mr. HISCOCK. Don't you import Sumatra?

Mr. JEITLES. No, sir; we buy direct, but we are not importers.

Mr. HISCOCK. Where do you buy it?

Mr. JEITLES. There are brokers in New York that handle the samples of Amsterdam houses.

Mr. HISCOCK. You buy of the brokers in New York the stock on the other side?

Mr. JEITLES. Yes, sir.

Mr. HISCOCK. You don't call that importing?

Mr. JEITLES. No, sir; it is not really importing.

Mr. HISCOCK. Don't you buy to sell?

Mr. JEITLES. Only to manufacture. But as to the question of whether we only use Sumatra, that is far from it. The fact is we use more native leaf than any other, and it is in the same proportion that you find 3 to 83. So it is everywhere, although that is putting it on the basis that every cigar was made of Sumatra.

Mr. HISCOCK. We understand that it is the thing complained of and the extent to which it can be used. And on the theory that it was 3 out of 163 the argument would be still against you.

Mr. JEITLES. That is only with the idea of getting a tariff. That is not consistent at all.

Mr. HISCOCK. The point is the extent to which these goods are used affecting the price of American leaf. Understand me, I am in favor of protecting everything; the only thing I am surprised at is that you protected one thing and not another.

Mr. JEITLES. Is not 35 cents enough?

Mr. HISCOCK. No, sir.

Mr. JEITLES. Is there any product that is more protected?

Mr. HISCOCK. I don't care what the rate is, the question is, is it enough?

Mr. JEITLES. The strangest thing to me in this question is that all the people that have been here have come to beg you not to reduce the tariff and we come to you begging you not to increase it. It is the only instance in all the trades.

Mr. MCKINLEY. I want to ask Mr. Hammerstein a few questions. Didn't you used to be in favor of a high tariff on this tobacco?

Mr. HAMMERSTEIN. Yes, sir; I did, and that gentleman there (Mr. Phelps) knows I was the first man that went before the Tariff Commission and told them that if this Sumatra once found its way into this country, it would certainly take such a hold on the consumer that it could not be kept out; that the people would become educated to it and my idea was to prevent its introduction; but since then the tobacco grown in this country has deteriorated in such a way that we are compelled to take another tobacco.

Mr. HISCOCK. You know that while this contest has been sounded all over the United States, the only class of people in the world that have appeared to oppose it have been the manufacturers in New York and Philadelphia.

Mr. HAMMERSTEIN. Because New York and Philadelphia represent the manufacturers of the country.

Mr. HISCOCK. Oh, no.

Mr. HAMMERSTEIN. I can show you that the manufacturers in New York and Philadelphia produce three-fourths of the cigars and tobacco.

Mr. HISCOCK. More than that, the moment you get out of these two large cities you don't hear a breath of complaint; you don't hear a word from Chicago or Saint Louis.

Mr. HAMMERSTEIN. Because the cigar manufacturers in Chicago and Saint Louis don't believe this Congress would be so foolish as to put a high duty on tobacco. That has been the argument of importers. They told me this week that I should not entertain an idea of coming to Washington; that Congress was not going to do anything about it.

Mr. MCKINLEY. You advocated three or four years ago a very high duty on this tobacco?

Mr. HAMMERSTEIN. Yes, sir.

Mr. MCKINLEY. As much as \$5 a pound?

Mr. HAMMERSTEIN. I did.

Mr. MCKINLEY. For what purpose did you advocate it then?

Mr. HAMMERSTEIN. I saw that if this tobacco once got a hold in this country, knowing from experience that the smoker is educated to a thing—in Italy they smoke the worst tobacco in the world and are satisfied with it, because the Government will not allow them to have anything else. I am perfectly intelligent in this thing. I am not here employed by any man or set of men.

Mr. MCKINLEY. I did not intimate anything of the kind. You then advocated a duty of \$5 a pound four years ago to protect the American producer?

Mr. HAMMERSTEIN. I did.

Mr. MCKINLEY. Is there any reason in the world why they are not entitled to the same protection now that they were four years ago?

Mr. HAMMERSTEIN. No; most emphatically no.

Mr. BRECKINRIDGE. As I understand, a point that you have stated two or three times is just what you stated when you made that argument about which Mr. McKinley speaks, that if once the American gets a taste of this tobacco, then the interests of the great tobacco-producing population of America would depend on the continuation of the supply of the wrapper?

Mr. HAMMERSTEIN. Certainly.

Mr. BRECKINRIDGE. Now he has got the taste?

Mr. HAMMERSTEIN. Yes, sir.

Mr. BRECKINRIDGE. And now we cannot restore the conditions under which we could have protected ourselves by prohibition?

Mr. HAMMERSTEIN. Certainly not.

Mr. BRECKINRIDGE. Because now you would have to import it at an excessive rate of duty, and, secondly, there would be correspondingly less of the domestic tobacco consumed, resulting in loss to the producer of domestic tobacco and expense to the remaining consumers?

Mr. HAMMERSTEIN. No; that is the only point where you are wrong: there is no loss to the consumer, for the reason that the consumption has increased wonderfully since then, because we have not been able to raise such tobacco as we did five years ago. We have been deteriorating in the culture of tobacco. That is the true and only reason. Let the growers raise good tobacco and they will get good prices.

Mr. MCKINLEY. The failure of the tobacco producer in not following your lead when you were agitating the \$5 duty has resulted to their positive injury?

Mr. HAMMERSTEIN. Partly, and partly from the reason that they have not raised tobacco good enough, that it is worse than five years ago, and partly because the consumer has been educated up to this tobacco.

Mr. MCKINLEY. Has not this Sumatra tobacco had something to do with the deterioration, as you claim, in the American product?

Mr. HAMMERSTEIN. No, sir; it has been unfortunate freaks of nature that did it.

Mr. MCKINLEY. It has not been because of any want of ability or ingenuity on the part of the producers?

Mr. HAMMERSTEIN. Partly, and because the producers every year expect that this Congress would put on more duty on Sumatra tobacco, and they are expecting that now. Circulars have been sent out asking the farmers not to sell their tobacco, because a high duty would be put on Sumatra.

Mr. BRECKINRIDGE. What do you pay for American wrappers a pound?

Mr. HAMMERSTEIN. At present the only place where purchases are made is Pennsylvania, 22 cents.

Mr. BRECKINRIDGE. What does it cost you in New York for Sumatra wrappers?

Mr. HAMMERSTEIN. On an average, \$1.35.

Mr. BRECKINRIDGE. Therefore, 2 pounds of the Pennsylvania wrappers being equal to 1 pound, in working capacity, of the Sumatra wrappers, that will be 44 cents that you pay for the American wrapper and \$1.35 for the Sumatra. Therefore the introduction of the Sumatra wrapper is by no means the introduction of a cheap wrapper.

Mr. HAMMERSTEIN. No, sir; but where you don't use the Pennsylvania you can use the Sumatra.

Mr. BRECKINRIDGE. Mr. McKinley made the point just now that the introduction of Sumatra tobacco had driven out the American wrapper, on the principle that a

cheap wrapper was driving out a dear tobacco, while the truth is the dear tobacco is driving out the cheap, because of its superiority for what is wanted.

Mr. HAMMERSTEIN. Yes, sir.

Mr. MCKINLEY. It has displaced just so much American tobacco ?

Mr. HAMMERSTEIN. No, sir ; as you will see by the report of the Internal Revenue Department, we have increased continually in the consumption of cigars, and as we are one-eighth wrapper and seven-eighths binder and filler of American tobacco, it has not injured them to the extent they claim. I say as an expert there are not to-day five hundred cases of fillers to be had, and it will be discovered that within a month they will cost 20 cents a pound. The importation of Havana tobacco has not kept pace with the importation of Sumatra tobacco.

Mr. PHELPS. Will you give me 12 cents, or 10, for fillers in a month ?

Mr. HAMMERSTEIN. Have you got any ?

Mr. PHELPS. The question is, will you give it ?

Mr. HAMMERSTEIN. I don't believe you have a case. What I mean by fillers are fillers which, by the deft manipulation of our cigar manufacturers, almost take the place of Havanas. We are producing such a good filler they are now nearly as good as common grade of Havana fillers, and therefore our consumption has increased enormously. There are many fillers to be had that are thin and moldy, but good, strong fillers cannot be had. I repeat, that in a month they will bring 20 cents. These gentlemen are perfectly right in saying that there has been a reduction in the use of their wrappers, but it is not because we preferred Sumatra, but because Sumatra was demanded. We could not use your tobacco, and even Mr. Hiscock would not want to smoke a cigar of some Connecticut tobacco raised some two years ago, and which is used now for binders for export. There is a consumption of it, and the market will now improve wonderfully in a few weeks.

Mr. BRECKINRIDGE. Don't you find that with the same smoking quality in a cigar, the more shapely and the brighter the appearance of the cigar, the more salable it is ?

Mr. HAMMERSTEIN. Undoubtedly.

Mr. BRECKINRIDGE. Therefore anything that adds to the good appearance of cigars increases the consumption of cigars, and consequently increases the demand for the fillers and binders ?

Mr. HAMMERSTEIN. Surely that is what it does.

Mr. BRECKINRIDGE. In that way the Sumatra tobacco really stimulates the demand for American tobacco ?

Mr. HAMMERSTEIN. You have stated it better than I could. That is it exactly.

STATEMENT OF MR. H. WEINER.

Mr. H. WEINER, of Philadelphia, said :

I don't suppose you wish to listen to any extended argument of this matter, because I know your time is limited, and you must be now very much wearied by what you have already heard, and I shall be very brief in what I have to say. Before I commence, however, I wish to correct the impression which this gentleman (Mr. Hiscock) made when he stated that there was no demand for a reduction of the tariff outside of the cities of Philadelphia and New York. Personally, three gentlemen and myself some time in last December, understanding that there was to be an effort made to increase the tariff on Sumatra, we constructed a protest, of which we forwarded copies to almost all the cities in the Union, large and small. We labored under the disadvantage of not knowing but a very small portion of the parties to whom we sent these documents, being obliged to select them from directories. These protests were nearly all returned to us, many of them signed largely, some with but few signatures. These were all united in one, and appended to them also was a protest of the cigar-makers of the city of Philadelphia, as well as many of the city of New York, and forwarded to Mr. Randall, who promised—I do not know whether he has done so—to offer it in the House and have it referred to your committee. This protest, which probably you have seen, contains eleven articles, which, with your permission, I will read ; and allow me to state here that when this was written, Sumatra, of certain grades at least, not weighing over a certain number of leaves to the pound, were generally admitted into this country at 35 cents duty. Lately, however, the Secretary of the Treasury has ordered the collector at New York to make such a special examination of the bales that it would be impossible for the importers to permit it without great damage to his stock, and as a penalty for not permitting such an investigation Sumatra has all come in at the 75 per cent. duty. So when I refer here to the tariff not being increased, or not being altered in its application, I refer to the old ruling of the Treasury Department.

Mr. HISCOCK. If that is to be done, then there is no objection to making it all 75 !

Mr. WEINER. Our objection is here. Under the old ruling we were allowed to bring in a percentage of Sumatra at 35 cents, which, of course, was a great assistance to us in our trade, and if that is to be the absolute ruling on cigars there is nothing left to us but to ask that the tariff be reduced to the old rate of 35 cents.

1. The revenues of the Government do not require any additional taxation.

2. The existing tariff, as it is applied and collected, forms ample protection for all domestic industries dependent upon tobacco.

3. That it is in opposition to the principle of a free people to institute prohibitory taxation.

4. The petitioners for an increase of tariff, or alteration in the application of the present law, form but an inconsiderable portion of the citizens of the United States, comprising a small body of the population of Wisconsin, Pennsylvania, New York, and Connecticut.

5. Any increase in the tariff on Sumatra will establish an arbitrary monopoly.

6. The introduction of Sumatra for use as wrappers was necessitated by the continual decline in the quality of domestic wrappers.

7. That Sumatra tobacco, which is used only for wrappers, is worked in the proportion of 4 pounds Sumatra to 20 pounds of other leaf.

8. That the duty as now collected enables the growers of the United States to realize more money from tobacco than from any other general crop.

9. That any increase in the tariff, or changes in the construction of the present law, will work a great hardship to the manufacturers who have paid, and who continue to pay, millions of dollars annually into the United States Treasury.

10. That any increase in the tariff, or changes in the construction of the present law, will cause great hardship to the workmen connected with cigar manufacturing, who, by the use of Sumatra, have been enabled to materially increase their earnings.

The whole foundation of the appeal for higher tariff on Sumatra springs from the fact that it is far better adapted for the purposes of the manufacturers, their workmen, and the consumers of cigars, than the leaf produced at home.

This is not owing to any impossibility on the part of the producers to raise an article of leaf as suitable as the one imported, but simply rests upon a want of proper care, attention, and integrity in the matters of cultivation, curing, and packing.

The wrapper or outside covering of the cigar must be thin, glossy, elastic, even in color, and free from heavy veins; qualities not often met with in the domestic leaf, but in every sense characteristic of Sumatra tobacco.

By the indifference of our growers to the necessities of trade as manifested in the negligent cultivation, imperfect curing, and improper packing of their tobacco, they have (with slight exception) presented as wrappers a thick, coarse-mixed, heavy-veined or tender and dull-colored article, which the manufacturer has often employed to his loss, the workman used at a sacrifice of his earnings, and the consumer of cigars in many instances rejected.

As a consequence the use of Sumatra for wrappers was not so much a choice as a necessity, and, with its qualities as before enumerated, fills all the requirements of the manufacturer, enabling him to make such goods as satisfy the consumer to materially increase his trade, and to add to the wages of his workmen from 15 to 20 per cent.

The wages have advanced in that way; but in the use of domestic tobacco, being coarse, thick, dull, or tender, in cutting out his wrapper the workman has to cut it from the leaf, and in attempting to roll it it breaks; so he is often, in using the domestic leaf, at a loss of one, two, or three wrappers before he can cover his cigar. Now, he is paid by the thousand—

Mr. MCKINLEY. So that by the use of Sumatra he can make more thousands?

Mr. WEINER. Yes, sir.

Mr. MCKINLEY. But he gets the same wages?

Mr. WEINER. Yes, sir.

Mr. BRECKINRIDGE. That is he gets the same price per thousand?

Mr. WEINER. Yes, sir.

Mr. BRECKINRIDGE. So he makes more cigars per day, and consequently more money?

Mr. WEINER. Yes, sir. Every time he cuts a Sumatra wrapper he can put it on his cigar, and where, for instance, he formerly brought up four hundred he can bring up five or six hundred. So you see, without any increase of the pay per thousand, he materially increases his earnings.

Mr. BRECKINRIDGE. And it costs nobody any more?

Mr. WEINER. Of course not. It costs us no more, and it costs the consumer no more.

Mr. BRECKINRIDGE. Would not a duty of 75 per cent. be prohibitive?

Mr. WEINER. No, I do not think it would.

As a result, less domestic wrapper has been worked than formerly, and the cultivator, instead of recognizing the position as a result of his own remissness, and en-

endeavoring to improve his crop, proposes to place a prohibitory duty on that which is rapidly becoming a necessity to the American public, and compel the purchase of his unsuitable and unreliable leaf.

Without attempting to raise, as he can, such tobacco as the manufacturing interests demand, the producer endeavors to force upon the market such as he elects to cultivate, forgetful of the fact that an increase of the duty on Sumatra will not make its qualities less valuable nor enhance those of his own, and which last would not be useful as wrappers to many manufacturers at any price.

A duty of 35 cents per pound (and what other article on the list is so well protected?) is sufficient to encourage the grower of domestic leaf, as in the last twenty years he has obtained for it, on an average, about 15 cents per pound, giving him an advantage in tariff of about 200 per cent.

An estimate of yield per acre is, at the minimum, 1,500 pounds, which, at 15 cents per pound, results in a money value of \$225 per annum per acre, gross. The cost of producing this tobacco, including wear and tear, labor, manure, and interest on the land (worth say \$200 per acre), is about .07 per pound, leaving a net profit per acre of \$120. Certainly sufficient return, considering the cost of land, the main item of outlay; as well as sufficient evidence that even a 35-cent tariff is all that is required.

But, admit for the moment, that wrappers cannot be grown at the present tariff, as it is construed and applied, the question which suggests itself is this: Cannot other crops be produced with the same land and implements? And lastly, why is it not done if there is anything which will net so large a result as tobacco, notwithstanding the so-called low duty?

Furthermore, if wrappers cannot be raised as the present tariff law is interpreted, the use of Sumatra compels the purchase of much larger quantities of fillers and binders, articles of domestic tobacco, of which the grower controls the entire supply, and which, being raised at a less cost than wrappers, enables him to realize more under existing circumstances from tobacco than was possible before Sumatra was imported.

Again, Sumatra, although made to appear by the domestic grower so antagonistic to his interest, being used only as a wrapper, where it is employed it is in the proportion of 4 pounds Sumatra to 20 pounds of native leaf, leaving to them the production of five-sixths of the tobacco required.

While it is right to carefully guard every point, yet, on the principle of majorities, that grand ultimatum of Governments, the manufacturers, their workmen, and the cigar consumers stand out as an immense body in comparison with the producers and packers of leaf, so insignificant being the number of the latter to the former that to grant their requests when they are as mischievous as in the present instance, would be to work a great wrong upon the greatest number.

Besides, it is with perfect propriety that manufacturers who have for years paid millions of dollars into the United States Treasury should ask for once a recognition of their rights and demand that they be not further taxed by an additional duty on Sumatra, an addition for which there is no necessity beyond the requirements of a would-be monopoly.

As regards questions of national policy in connection with retaliation by Holland for an increased tariff upon her exports of Sumatra as against the productions of this country, including large quantities of native tobacco, of all of which she is a profitable consumer, we leave them for the abler discussion of our Congressional statesmen.

In recapitulation we would state that to increase the existing tariff on Sumatra, or alter the present interpretation of the law, would—

1. Erect an arbitrary monopoly.
2. Force upon the cigar consumers that which many of them have emphatically rejected.
3. Diminish the earnings of the workingman.
4. Seriously interfere with manufacturers, upon whose business depends part of the revenues of the United States.
5. Encourage growers of tobacco in their present indifference to the wants of trade.
6. Increase, at the expense of the community, the profits of leaf culture, already greater than those realized from almost any legitimate business.
7. Prevent the improvement of domestic tobacco, which otherwise, with diligence, care, and attention, would eventually supersede Sumatra.
8. Deprive manufacturers of a wrapper conducive to their welfare and that of their employés, simply because the raisers of tobacco will not, although able, cultivate a suitable article.
9. Compel manufacturers already heavily taxed to assume another and totally unnecessary burden.

In consideration of the points advanced, based as they are upon truth and experience, we trust you will recognize the correctness of our position and in acceding to our views, prevent the establishment of an unprincipled monopoly which would demand of us any sacrifice commensurate with a selfish policy.

I would like to state here that the trouble is that the domestic tobacco has deteriorated and is not suitable, and we were driven, actually driven, to the Sumatra, not as a matter of choice but as one of absolute necessity. I can remember well the first Sumatra that was brought to this country was returned to Amsterdam; nobody would have it. Americans look with jealousy on intruders, especially foreigners; and we tried in every way we could to suit our circumstances to the nature of the leaf which was presented to us, but without avail; it was impossible. So Sumatra was gradually used here, and absolutely forced itself upon the manufacturers of cigars; they recognized its magnificent qualities, at least for that purpose.

Mr. BRECKINRIDGE. What is the total amount of domestic wrappers used in the country?

Mr. WEINER. I did not come here prepared with any statistics, nor did I consult any.

E. M. PHELPS was recalled.

Mr. BRECKINRIDGE. How much of this wrapper tobacco do you produce to the hand? You are a tobacco grower?

Mr. PHELPS. Yes, sir; I raise about 6 acres of tobacco per year with my other farming—corn, potatoes, grass, &c., and I used to keep two hired men.

Mr. BRECKINRIDGE. Those 6 acres represent how much labor—I do not mean in money, but does it represent the whole labor of one man, or two, or how many?

Mr. PHELPS. It would take, I should say, three men for 6 acres constantly.

Mr. BRECKINRIDGE. Represent their labor for a year?

Mr. PHELPS. Not quite for a year, because after the tobacco is hung up, it remains so hung up two or three months; then comes the process of stripping and assorting. So it would be about nine months in the year.

Mr. BRECKINRIDGE. Do you know anybody who raises tobacco only?

Mr. PHELPS. No, sir; scarcely any do it.

Mr. BRECKINRIDGE. Here is Mr. Lord; I believe he does.

S. L. LORD was called.

Mr. BRECKINRIDGE. You raise only tobacco?

Mr. LORD. That is all.

Mr. BRECKINRIDGE. How many acres of tobacco do you raise?

Mr. LORD. Usually from 12 to 20.

Mr. BRECKINRIDGE. How many men do you employ in the making of a crop of 12 acres?

Mr. LORD. I qualify my statement there by saying that part of that tobacco was raised on shares. My personal crop will average 8 acres.

Mr. BRECKINRIDGE. How many men do you employ in raising that crop?

Mr. LORD. My help is employed by the day, but I think it would require four men nine months working continuously to give me the crop of 8 acres.

Mr. BRECKINRIDGE. What would be the product of that 8 acres in pounds?

Mr. LORD. Well, our product varies.

Mr. BRECKINRIDGE. Give the average.

Mr. LORD. It would be not to exceed 1,100 pounds. The crop of 1885 would not average 800 pounds, but it averages not exceeding 1,100 pounds; I will say my crop averages that. The average of our country is usually 1,000 pounds of Havana tobacco.

Mr. BRECKINRIDGE. Wrapper tobacco?

Mr. LORD. No; not all. The 1,000 pounds consists of binders, wrappers, and fillers.

Mr. BRECKINRIDGE. And four men for nine months would be employed in that?

Mr. LORD. Yes, sir.

Mr. BRECKINRIDGE. That would be a total of 9,000 pounds. Now what per cent. of that is for wrappers?

Mr. LORD. About 6,000 of the 8,000 pounds would be for wrappers. I have placed it perhaps a little high, but let it go. That, however, is a very excellent crop.

H. WEINER was recalled.

Mr. MCKINLEY. I understood you to say in regard to the introduction of Sumatra tobacco, that you use about one-fifth of that?

Mr. WEINER. About one-sixth.

Mr. MCKINLEY. And the other five-sixths is domestic tobacco?

Mr. WEINER. Yes, sir; that is binder and filler.

Mr. MCKINLEY. Is that altogether domestic tobacco?

Mr. WEINER. That is all domestic tobacco in that grade of cigars. I suppose that out of 100,000 cigars, 5,000 are probably 10-cent cigars, and the other 95,000 are cigars for the masses. These are made entirely of domestic product.

Mr. MCKINLEY. And you use the Sumatra wrapper?

Mr. WEINER. Yes, sir. Just to show you where the demand for Sumatra tobacco

has grown among the class of people who insist upon it, the smokers, cigars which cost the jobbers from \$15 to \$20, are made in Sumatra wrappers. It is not altogether the manufacturers—of course the manufacturers want a wrapper which is conducive to the interest of their hands as well as to the increase of their business and the pleasure of conducting it, and we have also the demand from the consumers, the masses.

Mr. MCKINLEY. As to the binder and filler, these are made of domestic tobacco?

Mr. WEINER. Yes, sir.

Mr. MCKINLEY. Do you make as good a cigar now as you did before you got this Sumatra tobacco.

Mr. WEINER. We make a more presentable cigar.

Mr. MCKINLEY. The binder and filler really constitute the substance of the cigar?

Mr. WEINER. Yes, sir; if you will allow me to explain, the quality or the taste of Sumatra is inferior to that of our domestic goods, but not withstanding that taste the appearance of the cigar is what the people want. It makes it more salable.

Mr. MCKINLEY. You said that by remissness and neglect on the part of the producers the quality of our tobacco had gone down for wrapper purposes?

Mr. WEINER. Yes, sir; but not for binders and fillers, not for the real substance of the cigar, the thing on which we depend, which is the body of the cigar, and which, of course, has a great influence on its character.

Mr. MCKINLEY. So in that particular there has been no going back on the part of our producers?

Mr. WEINER. Not as regards the quality, the taste of the parts that are suitable for binder and filler.

Mr. MCKINLEY. This is rather a matter of fashion and fancy, is it not?

Mr. WEINER. It may be with the consumer, but it is a matter of interest with the manufacturer.

Mr. MCKINLEY. And because it is a matter of fashion and fancy with the consumer you therefore use it?

Mr. WEINER. Excuse me; when we buy a case of domestic wrappers we buy a case of goods on which we can make no calculation as to its outcome, it having been raised for weight, having been negligently cured, and then having been packed in such manner that when we buy and pay for a case of wrappers we get from 100 to 150 pounds of binders and fillers in it. There is where it is.

Mr. MCKINLEY. So it is something more than a fancy?

Mr. WEINER. Yes, sir; it is a necessity.

Mr. MCKINLEY. But that don't change it all the same, the domestic product which you use in the binder and filler make just as good a cigar as they ever made?

Mr. WEINER. I think they do.

Mr. MCKINLEY. It is only for wrapping purposes that Sumatra is required.

Mr. WEINER. Yes, sir.

Mr. MCKINLEY. Now, let me ask you as a matter of fact, if there was no fashion or fancy about it, if as a matter of fact, the American wrapper, if you used it, would not turn out just as good a cigar as the cigar you turn out with the Sumatra wrapper? Now, understand, I am for protection; I am for protection of the workingmen, and I do not ask you these questions except for the single purpose of getting at the facts.

Mr. WEINER. Domestic tobacco, as I said before, even the wrapper, so far as the taste is concerned, is superior to the Sumatra at the present day.

Mr. MCKINLEY. That is right, I think.

Mr. WEINER. But, notwithstanding the fact that it is superior, and you might suppose in consequence it would be more in demand; notwithstanding the negative quality of Sumatra, it is used simply because its wrapping qualities are there and the public demand it. You cannot make as good looking cigars with domestic tobacco as you can with Sumatra.

Mr. MCKINLEY. It is a matter largely of appearance, is it?

Mr. WEINER. Yes, sir. Now to illustrate this Sumatra question, the desirability of that tobacco and the advantage it has been to the manufacturer, I will state that Pennsylvania is a State which has been depended upon largely for wrappers. In Connecticut there was a day, probably fifty years ago, when a Connecticut wrapper was beautiful; it was thin, it was glossy, it was tasteless. It was as fine upon Havana as any Havana cigar you could make, but we have not got that to day. Well, in 1881 Pennsylvania grew a crop of tobacco that probably was the most disastrous, not to the farmers or growers, but to the packers. The packers went into the fields in the summer and bought that tobacco on the fields growing when no man, no matter how well he was acquainted with the business, could tell what would be the result of the tobacco after it was cured. As a consequence of this growing competition the farmers of that State, I may say, realized fortunes. It is generally the case that they buy this tobacco in the cellars in the late winter or early spring succeeding the summer in which it is grown and they anticipated by six months the proper time, and, as I

said, they went in the fields and bought it and by so doing the farmers realized from it very heavy profits. That tobacco was tried by the dealers and it was soon found that it would not burn right, and that it did not taste right, and if it had not been for Sumatra the cigar trade of the United States would have been almost irreparably injured. I heard only a short time before I came away one of our large leaf dealers in Philadelphia, who probably lost a great deal of money from the crop of 1881 say to me if it had not been for the Sumatra you would have been obliged to buy this 1881 tobacco and pay our own prices. Now that is the position we take before you. We do not want to be forced to take what we do not want.

Mr. McKINLEY. You do not want the American farmer to have a monopoly?

Mr. WEINER. I want them to have fair competition.

Mr. McKINLEY. And you think 35 cents is an ample duty for the Sumatra wrappers?

Mr. WEINER. I think it is, from all the light I can glean.

Mr. McKINLEY. And you think 75 cents would be too much?

Mr. WEINER. Yes, sir.

Mr. McKINLEY. What do you say to the comparative capacity of the Sumatra and domestic tobacco for wrapping purposes?

Mr. WEINER. Well, out of a pound of Pennsylvania broad leaf we can cover about 100 cigars. From a pound of Havana seed—we will cover all the States, I think, pretty much—we can cover from 150 to 160 cigars.

Mr. McKINLEY. That is American tobacco?

Mr. WEINER. Yes, sir; seed leaf covers all kinds. I am talking about wrappers now. And from 1 pound of Sumatra we should cover about 250 cigars.

Mr. C. R. BRECKINRIDGE. Now state what per cent. of the pound of domestic wrappers you would have left for use as binders and fillers after you had used the amount suitable for wrapping purposes.

Mr. WEINER. In the country, where they cut the leaf very close, where there is no objection to the rolling of veins on cigars, no matter how heavy, I suppose, practically, there is nothing left.

Mr. C. R. BRECKINRIDGE. Then you cover more cigars?

Mr. WEINER. When I speak of these I mean regular made goods in Philadelphia and New York. In the other, I refer to the country-made goods at from \$9 to \$12.

Mr. C. R. BRECKINRIDGE. You are using a rougher wrapper in the last kind?

Mr. WEINER. Yes, sir.

Mr. C. R. BRECKINRIDGE. Therefore, your domestic wrapper is covering more cigars?

Mr. WEINER. In the country it covers more cigars; therefore, in the country, as I was saying, the waste from the leaf is practically nothing or very little. In the city, I suppose, we have a percentage of not less than 40 to 50.

Mr. C. R. BRECKINRIDGE. What is the value of that waste, compared to an equal amount of tobacco that has been used for wrapping purposes; how much less selling by weight?

Mr. WEINER. There are a few pieces in that which are worth to us about 10 to 12 cents a pound for binders, but the majority of it is worth 6 cents for export.

Mr. C. R. BRECKINRIDGE. In your original purchase you paid how much all around; what did you pay for the pound?

Mr. WEINER. I suppose, on an average for that, we pay in the neighborhood of 25 to 28 cents.

Mr. McKINLEY. Can you tell me what part of the relative cost of the cigar the Sumatra wrapper is?

Mr. WEINER. In a 5-cent cigar I think the wrapper cost one-half the cost of the cigar.

Mr. BRECKINRIDGE. You mean the material in the cigar?

Mr. WEINER. Yes, sir.

Mr. McKINLEY. Before it is wrapped?

Mr. WEINER. No, sir; on the cigar.

Mr. McKINLEY. How would it be on the other grades of cigars where Sumatra is used?

Mr. WEINER. Where we used Havana, I judge it would run below a half, close to one-third.

Mr. McKINLEY. Now you think 35 cents a pound is ample duty on this Sumatra tobacco, as you said a moment ago. If 35 cents is enough on the wrapper, how much duty do you think you ought to have on cigars?

Mr. WEINER. That is a matter I have not considered or calculated.

Mr. C. R. BRECKINRIDGE. That is a very important factor in this matter.

Mr. WEINER. We are very well satisfied with the duty we have, and if these gentlemen who grow the leaf can come here and show the duty is too high, why reduce it. We are here to show that the duty which they pay on our goods is too much.

Mr. McKINLEY. I understand that there is no interest that wants to assail you at all; nobody that I understand wants a reduction on your articles. The duty, how-

ever, is \$2.50 a pound on cigars and 25 per cent. ad valorem, which makes it about \$3 a pound, does it not?

Mr. WEINER. Somewhere about that.

Mr. C. R. BRECKINRIDGE. I want to call your attention to a reply you gave a moment ago to Mr. McKinley, about the cost of the wrapper in the cigar, where it is Sumatra. You said that in a 5-cent cigar made up, the cost of the Sumatra wrapper is one-half of it.

Mr. WEINER. Yes, sir.

Mr. C. R. BRECKINRIDGE. That would make, then, the cost of the Sumatra wrapper \$6.35 a pound, because it would wrap 250 cigars. Now you only pay \$1.25 for Sumatra wrappers.

Mr. WEINER. I do not know of any Sumatra wrapper that comes here for less than \$1.40 or \$1.45.

Mr. C. R. BRECKINRIDGE. You are still a long way below \$6.35. You say that 1 pound of tobacco will wrap two hundred and fifty cigars?

Mr. WEINER. Yes, sir.

Mr. C. R. BRECKINRIDGE. Now, the value of the Sumatra tobacco in a 5-cent cigar is 2½ cents; that is what you told Mr. McKinley.

Mr. WEINER. In what connection did I say that?

(The stenographer read the question of Mr. McKinley and the answer thereto above.)

Mr. WEINER. Five cent cigars we sell at from \$24 to \$34.

Mr. MCKINLEY. That is, you sell them for from \$2.40 to \$3.40 a hundred. And when you say one-half on a \$3 box, you mean it is \$1.50?

Mr. WEINER. Yes, sir; but you have to add to that the labor.

Mr. C. R. BRECKINRIDGE. I am speaking now of the cigar made. I understood you to say that in the cigar made the wrapper was one-half the cost.

Mr. WEINER. Yes, sir; you mean, of course, about the cost of all the tobacco used in the cigar. I mean, including the labor.

Mr. C. R. BRECKINRIDGE. I want to know what you mean. I understood you to say it was the entire cigar as made.

Mr. WEINER. No; I thought you referred to the tobacco that entered into the cigar. I did not know that you included labor. I meant the cost of the tobacco in the cigar. I meant the material.

Mr. MCKINLEY. That it costs one-half of all the material that enters into a 5-cent cigar?

Mr. WEINER. Yes, sir.

Mr. MCKINLEY. And the labor additional?

Mr. WEINER. Yes, sir.

Mr. MCKINLEY. What is the labor?

Mr. WEINER. Our labor runs on such goods, I judge, from \$6 to \$8.50 a thousand on 5-cent cigars.

Mr. MCKINLEY. That is about 60 cents a hundred?

Mr. WEINER. Yes, sir.

Mr. MCKINLEY. Now, the labor added to the material makes the cigar ready for market?

Mr. WEINER. With the labor and the material and the stamp and box and labels and packing that have to come into this question. When you ask me about the cost of a cigar you refer only to the cigar-maker's labor, which is about 60 cents a hundred.

Mr. MCKINLEY. What proportion of the cost of the cigar is the labor, and what the material?

Mr. WEINER. About equal, as near as I can get at it. You know there are so many grades of cigars, so many different prices for workmanship to be paid, that it is almost impossible to give anything but an average. It is about equal.

Mr. MCKINLEY. Then you think that on the Sumatra tobacco, which constitutes one-half of the cost of the material in the cigar, 35 cents a pound duty is sufficient?

Mr. WEINER. That is my opinion.

Mr. MCKINLEY. And that which constitutes the other half, and the labor added, should have the \$2.50, and the 25 per cent. ad valorem—the Sumatra, which constitutes one-half of the material and added to the 60 cents a hundred? Now, I want to ask you whether you think it is fair that the cigar-maker should have to pay \$2.50 a pound and 25 per cent. ad valorem, and the residue of this tobacco should have but 35 cents?

Mr. WEINER. It is just the way in which I look at this matter. The trouble with the domestic leaf is not so much the tariff, but that the tobacco raised will not satisfy us for wrappers.

Mr. MCKINLEY. You have said it makes a better cigar?

Mr. WEINER. But not as saleable a cigar.

Mr. MCKINLEY. Do you regard the internal tax on cigars as onerous? Would you like to have that removed for the benefit of trade?

Mr. WEINER. Well, so far as I am individually concerned, yes, sir.

Mr. MCKINLEY. Is that the feeling of the manufacturers, think you?

Mr. WEINER. No, sir; not generally, and I will tell you why. With the tax on cigars it is necessary to put a caution label. That caution notice and the stamp, which is branded on the box, designate the State in which the cigar is made, and in New York City they are opposed to the removal of the tax because then they would have nothing to show that the cigars were made in the city of New York, and all over the country they would be selling cigars as made there.

Mr. MCKINLEY. So, that in one case at least, the manufacturer regards taxation as a benefit?

Mr. WEINER. Yes, sir.

Mr. C. R. BRECKINRIDGE. It secures him a brand?

Mr. WEINER. Yes, sir.

Mr. HAMMERSTEIN. The imports of Sumatra wrappers is 4,375,000 pounds for one year. That at 4 pounds of wrappers to the thousand cigars will cover 1,093,750,000 cigars. Now the total number of cigars manufactured in this country, as shown by the returns of the Commissioner of Internal Revenue, is 3,300,000,000. Deduct from that 1,093,750,000 that are covered with Sumatra wrappers, and it leaves the amount covered with domestic wrappers, which is 2,206,250,000. The result is that 17,650,000 pounds of domestic wrappers were consumed.

STATEMENT OF MR. S. G. BROWN.

S. G. BROWN, 135 Maiden Lane, New York, said:

I represent a class of manufacturers a little different from the others. I make exclusively seed and Havana cigars, that is, using the Havana filler exclusively. I am using American binders, and at the present time I am using Sumatra wrappers for the covers. It has been my experience that I need about 4 pounds of wrappers to cover 1,000 cigars, ranging from \$1 to \$1.50 a pound. It was not a matter of choice on my part to use the Sumatra wrapper. If I could get the good domestic wrapper, such as we had ten or twelve years ago, I certainly would use it. It would only take 8 pounds, and everything considered it would be less than \$2 a thousand. I am not using the Sumatra wrappers as a matter of choice by any means.

Mr. MCKINLEY. You resweat wrappers in the trade?

Mr. BROWN. Sometimes.

Mr. MCKINLEY. Is your object to make it more valuable for commercial purposes or to drive it out of the market?

Mr. BROWN. It is more valuable. There are different modes of sweating tobacco.

Mr. MCKINLEY. When you resweat old tobacco you are not apt to do anything to militate against its value?

Mr. BROWN. Certainly not. I want to say if the tobacco growers would give us wrappers such as we can use I would discard the Sumatra wrappers. I would rather work the American wrapper, because I can save from \$2 to \$3 in my pocket. So this is a matter of compulsion on my part, and the people want these wrapper. I think 35 cents on American green leaf is sufficient, for the reason that you can buy tobacco to day at 25 cents a pound, and with the 35 cents it gives them 10 cents more than it can be bought for to-day.

STATEMENT OF MR. MATTHEW HUTCHISON.

MATTHEW HUTCHISON, of New York, said:

I want to say a word in regard to this resweating of tobacco. I understood the remark you (Mr. Breckinridge) made in answer to the question why it was a man won't not cut his nose off to spite his face. Mr. Phelps brought up this question of resweating, and he knows why it was. I will trace back my experience in the same business, covering a period of thirty-two years, since I commenced stripping tobacco. When the internal revenue law went into effect—before that time the cigar business in this country was in its infancy, amounting to what it is to-day, but we could then take Connecticut tobacco and work it without any trouble at all. It was packed in a straight-forward manner and well cured. When we trace the business back to 1864 or 1865, I suppose the farmers were making more money raising tobacco than anything else they could raise. But instead of being as particular in raising their tobacco, they started in to see how much they could grow; they went for quantity more than quality. Now

the result has been that within the past few years, that it is almost impossible to work domestic tobacco and make any money on the cigars. I attribute that to the fact that the growers have become negligent in their desire to raise so much tobacco. Now within the last three or four years they have realized that fact, for 1 pound of good tobacco is worth 4 pounds of poor tobacco. So now they are trying to get back where they were twenty-five years ago, and they are raising some tobacco now we can use. I will venture to say that there is not a manufacturer who is using Sumatra tobacco that uses it as a matter of choice. I myself am prejudiced against it. All we want and all we ask the farmer to do is to try to give us something that will make a good-looking wrapper. If they will do that there will be nothing to fight for.







PLATE-GLASS.

WASHINGTON, D. C., *March 8, 1886.*

STATEMENT OF MR. E. A. HITCHCOCK.

Mr. E. A. HITCHCOCK, of Saint Louis, Mo., president of the Crystal Plate-Glass Company, addressed the committee. He said:

Mr. Chairman and Gentlemen: Some two years ago when this question was before this same committee, of which Mr. Morrison was then (as now) chairman, we took the liberty of presenting a memorial, and as the facts set forth in it remain unchallenged and unchanged (except so far as they have grown more favorable to the arguments therein advanced) I will ask the liberty of simply reading the same memorial.

Mr. HITCHCOCK read the following paper:

A memorial to the honorable the Committee of Ways and Means of the House of Representatives of the Forty-eighth Congress of the United States.

Hon. WM. R. MORRISON,
Chairman, &c.:

SIR: The Crystal Plate-Glass Company, a manufacturing corporation organized and doing business in the State of Missouri under the laws thereof, respectfully represent:

That they are recently informed of efforts made, or about to be made, by and on behalf of importers of foreign plate-glass and by agents of foreign manufacturers of plate-glass representing them in this country, in view of the proposed revision of the existing tariff, to bring about a reduction of the import duty now levied upon plate-glass imported into the United States; and that the question of such reduction has come or is likely to come before your committee for consideration.

Should such be the case, the undersigned respectfully but earnestly ask the attention of your committee to the considerations below presented as to the justice, the policy, and any alleged benefits whether to the Government or the people of the United States of such legislation.

The undersigned are largely and successfully engaged in manufacturing the finest quality of polished plate-glass at their extensive works at Crystal City, in Jefferson County, Missouri, at the confluence of Platin Creek with the Mississippi River, about 30 miles below St. Louis. The present corporation was organized in 1876, and is the successor of the American Plate-Glass Company, which was organized in 1872 for the purpose of purchasing the property and erecting and carrying on the works in question. The chief inducement to its organization was the existence upon the property now owned by the undersigned of a deposit of white sand, practically unlimited in quantity and of extraordinary (if not unequaled) whiteness and purity, being composed (according to accurate chemical analysis) of 99.6 per cent. of pure silica, with a trace of foreign matter. The proximity of limestone and coal of the best quality, and of fire-clay near Saint Louis equal to the best English fire-clay, had several years previously attracted attention to the advantages of this locality for the manufacture of glass. From 1872 to 1875 the American Plate-Glass Company expended about \$500,000 in the purchase of between 700 and 800 acres of land on Platin Creek, including the sand deposit above mentioned, the erection of extensive works and suitable accommodations for a large number of workmen, and in costly machinery. The buildings are of brick and stone, and of the most substantial character. The shops in which the process of casting, grinding, smoothing, and polishing plate-glass are carried on cover, under continuous or connecting roof, nearly 7 acres of ground; one polishing hall alone, which is of brick, being 742 feet in length by 120 feet wide.

In 1875 the manufacture began, and the best quality of plate-glass was produced; but not at first proving profitable, in consequence of insufficient furnaces and lack of skill in the persons employed to conduct the process of manufacturing, the company temporarily suspended operations in the spring of 1876. In October, 1876, the company was reorganized by a majority of the former stockholders under its present corporate name, a new charter being obtained and additional capital subscribed. The total actual cash capital now represented by the land, plant and machinery, and stock on hand of the undersigned, is not less than \$1,300,000. In the spring and summer of 1877 a Siemens gas furnace was built to supersede the old furnaces, additional machinery for polishing was erected, and skilled labor procured from England, Germany, and France, and since then additions of two gas furnaces have been made with machinery requisite to finish their production, while a fourth and larger one is being erected.

Since the first week of September, 1877, the regular production of the finest quality of plate-glass has been steadily and successfully going forward without any misadventure. The company is now manufacturing polished plate-glass which competes successfully on equal terms in the American market with the best quality of imported foreign plate, at the rate of 3,000 square feet per day, or about 1,000,000 square feet per annum. The stock of the corporation is held by residents of Missouri, Ohio, Wisconsin, Michigan, New York, Pennsylvania, Connecticut, Massachusetts, Louisiana, Maryland, Illinois, and California. Orders for its product are received and filled not only from all the principal cities west of the Alleghany Mountains, but as far north as Minneapolis, westward to San Francisco, southward to Texas, and eastward to Pittsburgh, New York, and Boston.

Interests so large and so promising forbid the company to disregard the efforts which, as it is said, the importers and agents of foreign plate-glass have combined to make, to procure a reduction of the import duties which for the past thirteen years have been levied by the United States. The undersigned do not ask that this duty be increased. They do not appear in the attitude of those who, desiring to introduce an uncertain and untested enterprise, seek protection of their industry at the expense of the consumer or of the Government. They respectfully ask leave to submit to the committee certain facts and considerations tending to show that a reduction of the import duty which has so long existed unchanged, and upon the faith of which they have made so large investments, would be an injury alike to the Government of the United States, to American industry, and to all American consumers of plate-glass, and a benefit to the foreign manufacturer alone.

Your committee are aware that the process of manufacturing plate-glass, both rough (or sky-light) and polished, is different from that of any other description of glass. All other glass is blown or molded, while plate-glass is made exclusively by casting in large plates, which vary in size according to the success of the manufacture. The stock of glass already polished, and of rough glass ready for polishing, now on hand at Crystal City, includes several hundred plates, each of which is from 130 to 140 square feet—that is to say, from 8 to 9 feet in width by from 16 to 18 feet in length. The only difference between the finest polished plate and rough glass consists in the fact that the former has been ground, smoothed, and polished, the quality of both being the same. Obviously, for the casting, annealing, polishing, and handling of such plates, furnaces, machinery, and ovens of very large size and costly construction are required, and also a large amount of labor of every grade, from that of the highly skilled manager to that of the ordinary day laborer, involving a very large current outlay for wages. The number of persons now living at Crystal City and drawing their whole support from the industry of this company is about 1,500.

The principal materials required for the production of polished plate-glass, besides the sand or silica which forms its basis, are, carbonate of soda, limestone, fire clay (for pots), arsenic, emery, copperas, felt, and coal for the furnaces and annealing ovens. Of these, the sand, fire-clay, and limestone used by the undersigned, are obtained in Missouri, and the coal in Illinois. The felting and copperas are of American manufacture; the carbonate of soda and arsenic are imported, and upon the first mentioned of these an import duty is also levied.

The failure of the former company to produce polished plate at a profit was due chiefly to the defects of the old-fashioned furnaces originally erected. By obtaining from the foreign patentees the right to use the Siemens gas furnaces, now universally employed by manufacturers abroad, the question of profitable production under present circumstances has been solved.

The undersigned were induced, in 1876, to reorganize their company and invest additional capital in their works, by a consideration of the large and permanent demand for plate-glass in the United States, in connection with the fact that the prices for all necessary materials and labor were well known, and the further fact that the existing duty on plate-glass had remained unchanged for thirteen years. Being practically of exclusive foreign production, plate-glass was never included among those articles of home

manufacture for which protection was sought or granted by a duty on its import. It was regarded, and was treated by the Government, simply as a source of revenue by means of a moderate tax upon its import, as a commodity which may be considered a luxury and the tax upon which has never fallen nor can fall on the laboring classes. The undersigned therefore assumed, and might well assume, that in undertaking to utilize the great natural advantages of their location for this manufacture, they might count upon the permanence of a policy so long adhered to by the Government in respect to the import duty thereon.

The undersigned and their friends at New Albany, Ind., Jeffersonville, Ind., and Creighton, Pa., have invested in the manufacture between \$3,500,000 and \$4,000,000. Their successful operation means present employment to large numbers of laborers, support to numerous families, a home-market for numerous other American industries amounting to hundreds of thousands of dollars annually. It also secures such a competition with foreign manufactures of plate-glass as within five years past has reduced to the lowest figure ever known the price to American consumers of an article, the actual demand for which American manufactures cannot for years entirely meet. From 1873 to the present date, the market price of polished plate-glass in the United States has steadily declined. Large plates which now sell for 90 cents and \$1 per square foot were sold in 1872-'73 at \$2.50 per square foot and upwards. This decline in price is attributed directly to the former prospect and present fact of American competition, of which no clearer proof could be given than the fact, within the repeated experience of the undersigned, that whenever the American manufacturers have occasionally suspended production, the importers of foreign plate glass have at once put up their prices.

Since the present average price per square foot of polished plate-glass in the American market does not exceed 90 cents to \$1—the smaller sizes commanding a lower and the larger sizes a higher price per square foot—it is obvious that any reduction of the present specific duty on plate-glass would be equivalent to a bonus of like amount to the foreign, and a corresponding blow to the American manufacturer. The undersigned respectfully but emphatically state to your committee that so severe has this competition already become, that any reduction of this duty would be a burden which they cannot bear.

They respectfully submit that the only grounds upon which your committee could or ought to recommend a reduction of this duty would be—

1. That thereby the American consumers of plate-glass would be benefited by obtaining the article at a lower price than heretofore; or,
2. That the present duty, even if producing a greater revenue, is an unjust tax upon the American consumer in favor of the American manufacturer.

The undersigned respectfully but emphatically deny that either one of these propositions is true. They assert, on the contrary, that the following propositions would be verified by the facts in case the duty were reduced:

1. A branch of American industry based upon great natural advantages, and already established with the most satisfactory prospects of success, would be destroyed.

According to official figures, the cost to the foreign importer of French or Belgian glass is such, including the present duty, that 65 francs per square meter, or about \$1.20 per square foot, is "a paying price" for it in this country. Of this, 50 cents per square foot for plates over 10 square feet, or on an average of probably 25 to 30 cents per square foot on all sizes imported represents the duty. To remove or reduce that duty would be to destroy the American manufacture, for the importer could then at once undersell the American manufacture to that extent.

2. The loss thus entailed, not only upon American capital invested in this manufacture, but upon all the American industries and American laborers whom it benefits or supports, would result from a change of the long-established policy on the part of our Government, amounting to nothing short of bad faith with its own citizens.

This may seem strong language, but the undersigned respectfully submit that industries founded on a policy so long continued, especially when their result has been of such great and direct benefit to American consumers, have a right to use it.

3. The price of plate-glass to the American consumer, now greatly reduced by the direct effort of these American industries, would again rise to the former high prices so long as those industries disappeared—and this without the increase of revenue to the Government, but with great increase of profit to the foreign manufacturer alone.

It has appeared above that the French and Belgian manufacturers have already combined to supply this country at a common price. Such concert of action would enable them absolutely to control the American market in the absence of American competition. Even the temporary decrease of that competition has at once and repeatedly raised their prices. Let that competition be destroyed, and it is merely a deduction of common sense from human nature that former prices will be restored. But the demand certainly would not be increased thereby, and the revenue derived therefrom at a reasonable rate of

duty would remain less than at present. In short, the reduction would result in the end simply in an increased tax upon American consumers, for the benefit of the foreign manufacturer alone.

The undersigned therefore respectfully submit that the question raised by those who seek to influence Congress to reduce the existing duty on plate-glass is not whether the Government shall raise the price of glass by taxing the American consumer for the benefit of the American manufacturer. It is simply a question whether this Government shall reverse its policy, maintained for these many years past, on the faith of which millions of American capital have been already invested, with the direct effect of lowering that price; whether the Government, by simply maintaining the present status, shall permit the American manufacturers to secure a fair share of the American market, which under the existing situation the friends of foreign industry confess with alarm is at the command of American capital, whenever the requisite skill and judgment are used in its investment, provided, and so long as, the present duty remains unchanged.

But should this duty be reduced, foreign manufacturers need no longer contemplate with alarm the "violent crisis" now apprehended for their own factories in consequence of the natural advantages of the United States. In such case they might well rejoice that the Congress of the United States should have kindly interposed, not only to relieve the fears, but to increase their profits by destroying their rivals in America. They might well rejoice if this Government, also consenting itself to accept from this source a lower revenue than ever before, should insure for the future the payment of an increased tribute by its own citizens to foreign manufacturers; a tribute, the amount of which would depend solely on the rivalry of those manufacturers who have already agreed not to be rivals among themselves, and who have not hesitated to proclaim in this country their common purpose to crush those American rivals whom even as infant enterprises they so greatly dread.

Your memorialists therefore respectfully pray that among the recommendations of your honorable committee no reduction in the existing duty on imported plate-glass in any form be included.

And they will ever pray, &c.

THE CRYSTAL PLATE-GLASS COMPANY,
By E. A. HITCHCOCK, *President*.

SAINT LOUIS, Mo., *February 5, 1884.*

STATEMENT MADE TO THE TARIFF COMMISSION BY E. A. HITCHCOCK.

SAINT LOUIS, Mo., *September 18, 1882.*

Mr. E. A. HITCHCOCK, of Saint Louis, addressed the Commission as follows:

Coming to the matter of plate-glass, I would say that it was not the intention of the Plate-Glass Company to make any representations to the Commission at all on the matter of the duty on plate-glass. We desire that the duty should remain as it is. It is a new industry. There are but three or four factories in the United States, and they have been struggling along for the last ten years, and it is only within a few years that any of them have made a profit, and that has been so small that if you distribute it over the number of years that they have been engaged in the manufacture of plate-glass it amounts to almost nothing. In the future, under the protecting influences which the Government has heretofore extended, it certainly will prosper, and the day will come when we can afford to stand alone without any protection, and when the day comes we shall not ask for any protection.

I will submit for your information some statistics, prepared in 1878, which cover the whole ground, and give an unanswerable reason why this young industry should be protected. The statistics have not materially changed since they were prepared; but one point is not included, viz, a table showing the difference in price of labor (for three-fourths of the cost of the manufacture of plate-glass is represented by labor), which proves that we pay in this country, as compared with England, Belgium, and France, all the way from 2 to 4 and 500 per cent. increased wages. We cannot compete with those countries unless we are protected to some extent.

To my mind one of the most important matters connected with this new industry is the fact that we are educating at these two or three factories skilled men, who will be required in the other factories which will ultimately be established in this country. I regard it as a training school, and as exceedingly valuable, looking at it in that aspect. As the American people are notoriously a people in favor of education, and do not begrudge being taxed for educational purposes, I think in that view alone, if for no other, we should receive a reasonable protection. When you analyze these reports you will find that the American people are taxed less than two cents per capita as regards this manufacture of plate-glass. I believe they are willing to pay even more than that if

they are satisfied that the result will ultimately be that the new manufactories which will spring up will be supplied with skilled labor now being educated in our own factories. I believe in time we can make all the glass that is needed in this country. We do not want foreigners to come here and pay from \$25,000 to \$40,000 a year in office expenses and take the balance of the profit back to Europe, but we want to keep the balance of the profit in this country. I look upon our present efforts as being in the direction of educating skilled men that the country must have within a few years in this branch of the business.

By Commissioner PORTER:

Q. The manufacture of plate-glass began in this country, how long ago?—A. I think 1870 was the beginning of it.

Q. How much plate-glass is manufactured now in this country?—A. At the end of this year, when our improvements are completed, we shall have a capacity of 2,000,000 feet, or about one-half of the consumption of the United States. The importation ranges from two to four millions, depending on the price of other building material. This spring, in New York, everything was so high that building stopped to some extent, and then the price declined. The establishment of these plate-glass factories in this country has reduced the cost to the consumer from \$2.50 to \$1 a foot on plate-glass. We have accomplished that for the consumer within the last ten years. I have glass in my own house that was put in twenty years ago, which cost \$2.56 a foot on the average, and I should be very glad to supply that same quality of glass for several years to come to any parties desiring it for \$1 a foot. The moment that the duty on plate-glass is reduced these manufacturers will be crippled, and the foreign manufacturers will return to the policy that prevailed before the American factories were started. They will see this statement of mine no doubt, and will deny it, but it is a fact that can be proven. Combinations were made in England, France, and Belgium before the American manufactories were started, and they agreed not to sell to America except at a certain price, and we were at their mercy. At present they cannot combine against us, because the American manufacturers have refused to go into the combination. As long as American factories are in existence, they will hold in check all such combinations that the foreign importers may try to make, and any arrangements that they may make will be like ropes of sand. But, destroy these factories and you will have the prices back again where they were before the war.

Q. Plate-glass is mostly imported from Great Britain and France?—A. Mostly from Belgium and France. The most extensive works are in France. If the present protection is only continued for a few years longer I think there is no doubt that the American manufacturers will be able to furnish all the glass needed in this country, and at a price much cheaper than it can be furnished from Europe. That time has not arrived, but I think it will come soon. Plate-glass is quite different from sheet-glass. In sheet-glass there are uniform sizes, but that is not the case with plate-glass, because there are no two windows in different buildings where plate-glass is used that are uniformly alike. Besides, the expense and risk of handling the plate-glass is greater. It frequently comes in sizes of 10 by 12 or 15 feet, and there is great risk of breakage, and men are often dangerously injured by unavoidable accidents occurring in the handling of such large pieces of brittle material. There is also quite a waste in the cutting of it. These are a few of the reasons, I believe, why we are entitled to the protection we ask.

Q. Owing to the extraordinary difficulty of making this glass, is it not a fact that its manufacture must be carried on upon a large scale?—A. Yes, sir. The French Government not only protects its manufacturers of plate-glass by a protective duty, but it gave them a subsidy for years, until the manufacture was firmly established. We do not ask for any such subsidy in this country; all we ask is for a reasonable protection. It has been stated that the duty on plate-glass is equal to 100 per cent. That is not in accordance with the facts. It varies according to the size of the plate, from 2½ cents a square foot up to 50 cents a square foot. From statistics furnished by Mr. Nimmo, it is shown that from 1870 to 1881, covering a period of from ten to twelve years, there were twenty-six million dollars' worth of plate-glass imported, on which there was a duty paid of thirteen million dollars, showing that the average duty of those years was about 50 per cent., while the average rate of duty on all articles running through the tariff is about 35 per cent.

Here is a young industry which may be regarded a training school, and although it is a luxury in one sense, and not a necessity, yet I think it is an industry that the people of the country are willing to protect when, as the figures show, the cost per capita is less than two cents. We have spent thousands of dollars in bringing skilled workmen from Europe to this country, and we desire now to train our American boys and educate them so that when these other factories get to work they will be able to draw upon this supply of skilled workmen without having to send abroad for them.

By Commissioner BOTELER:

Q. What amount of capital is invested in this country in the manufacture of plate-glass?—A. I think, now, about two and a half to three million dollars. I am glad you asked that question, because I can tell you what the experience of our own factory has been. I took charge of it in 1875. It had been started by Mr. Ward at Detroit because of the large deposit of sand which was obtained near the factory. About \$500,000 was invested in the business. That company failed and was sold out, and a company was reorganized, and the capital invested now represents about a million dollars. We expect to put in half as much more before we can reach that degree of profit which will put us in the condition of a regular paying business. We made 7 per cent. last year as the result of seven years' work, or at the rate of 1 per cent. per annum. I merely state these facts in reply to the absurd stories which have been circulated in regard to the enormous profits connected with the manufacture.

Q. What number of operatives do you employ?—A. We own about 700 acres of land, upon which we have erected houses for our operatives, and we have quite a little village. We do not allow any liquor to be sold in the village, and we control all those matters ourselves. We have about 500 operatives, and a population of about 1,200 people in the village. We believe that we are doing a good work for the people themselves, while we are trying to make money for our stockholders.

Q. About what number of operatives are employed in this manufacture throughout the country?—A. I suppose about 1,500 to 2,000 operatives are engaged in the manufacture of plate-glass. This is a new industry, which looks small compared with other industries.

By Commissioner MCMAHON:

Q. I understand you to recommend that the duties on plate-glass shall remain as they are?—A. Yes, sir.

Q. I believe there are some thirty-seven rates of duties on glass; are all those different rates of duties necessary, or can you suggest any way of simplifying them?—A. No, sir, I cannot. I do not think the duties should be changed at all. It is not fair to charge the same rate on small glass as it is on large plates.

By Commissioner BOTELER:

Q. The duties vary according to the size of the plate?—A. Yes, sir. Of course on the large plates the risk is greater, and that fact was considered by the glass men in developing a scale varying according to the size of the plate.

By Commissioner MCMAHON:

Q. Are not the prices of plate-glass so well known that there would be little or no danger of undervaluation if the rate were ad valorem instead of specific, or is the contrary the fact?—A. I think it would be a great mistake to change the duty from a specific to an ad valorem one, and that it would open the door to undervaluations.

Q. You regard the present complicated system, then, as a necessity, do you?—A. Yes, sir; those practically engaged in the business find that there are rarely complications. The glass is all invoiced on the other side, and the sizes are designated, and the schedule shows what the duty is. I have never understood that there was any trouble arising from the classification as to size. The quality is all the same.

Q. I have heard it said that it took two or three men three or four days to go over one invoice of plate-glass.—A. That may be so in individual cases where it is necessary to be very particular. The table I have left with you is made up in frames. It was prepared by our manager, who was the leading manager in one of the largest English plate-glass factories near London. He was employed by Dr. Siemens for a long time, and in that way he had access to the Belgian and French factories. I will vouch for the correctness of his figures.

By Commissioner PORTER:

Q. When the duty on plate-glass was imposed was it intended for protection?—A. No, sir, it was a revenue duty, and was put on before there were any American factories started at all.

Q. Is the use of this plate-glass increasing in this country?—A. The demand is growing steadily. I think the ratio is about 25 per cent. per annum. The price has been reduced from \$2.50 a foot to \$1 a foot as a result of the establishment of these American manufactories.

By Commissioner MCMAHON:

Q. I do not understand your last statement, although I believe you made it once before. You say the price is now \$1 a foot?—A. Yes, sir, it averages that; it is much less on smaller sizes.

Q. Does the value depend on the size of the plate; when you say it is worth \$1 a foot, what do you mean?—A. I mean that it is the average price of it. If we can average during the twelve months of the year \$1 a foot for glass, we are entirely satisfied, but before the American factories were started the average price, taking the large and small glass together, was \$2.50 a foot.

Q. Is that average price the fair test of the prosperity of the industry?—A. I think so.

Q. Why would it not, then, be a fair test for the duty—an average rate?—A. I say that the average rate of duty is 50 per cent. ad valorem, but the difficulty would be to fix any scale covering the different sizes to make a fair average.

Q. Could you not take the statistics of the custom-houses for the last three or four years and ascertain the average per foot?—A. I do not think you could handle this business the same as some others, because it is in its infancy, and you do not know what the future will develop. Many houses are now being built where plate-glass is being used where formerly only the ordinary glass was used.

By the PRESIDENT:

Q. What class of people may be considered as the consumers of plate-glass?—A. There is no special class. Its use is becoming quite general in dwelling-houses, especially in the more expensive class of buildings.

Q. But there is a growing demand for it, as I understand you, for use in the smaller buildings?—A. Yes, sir; the price has been reduced, so that now it is in demand for smaller buildings as well as those of a more expensive character.

The following is the table referred to in my statement:

Statement showing the amount paid per month, in francs, to workmen in glass manufactories

Department.	France, Germany, and Belgium.	England.	United States.
Casting department:			
Founders.....	225	253	500
Skimmers and teamers.....	150	196	400
Casters.....	90	135	200
Kiln firers.....	95	135	227
Producer firers.....	110	140	250
Grinding department:			
No. 1.....	135	169	375
No. 2.....	100	146	325
No. 3.....	80	118	250
Boys.....	20	26	100
Smoothing department:			
No. 1.....	135	169	350
No. 2.....	100	146	300
No. 3.....	80	118	250
Boys.....	20	34	90
Polishing department:			
No. 1.....	160	196	400
No. 2.....	125	157	300
Boys.....	20	54	125
Cutting room:			
Chief.....	130	196	500
Assistants.....	120	169	375
Blockers.....	70	118	160
Packers.....	65	135	250
Emery washer.....	120	225	400
Crocus burner.....	120	169	375
Laborers.....	55	98	150
Bricklayers.....	195	198	500
Carpenters.....	165	198	325

CRYSTAL CITY, MO., September 14, 1882.

In the course of the reading the Chairman asked: Are you undertaking to say that the importers have anything to do with this bill, or with the movement to reduce the duties on glass?

Mr. HITCHCOCK. Not at all. I understand that for years past there has been such an effort. Importers have a perfect right to advocate a reduction of duties. We do not dispute that right at all.

As to the employment given by American plate-glass factories, Mr. Hitchcock said: The number of laborers connected with our works, directly or indirectly, aggregates between 5,000 and 6,000 men, engaged either in mining coal in Illinois, or in digging plaster, or in making felt in New York or emery in Massachusetts. There are connected with these three plate-glass factories, directly or indirectly, not less than from 6,000 to 7,000 laborers.

As to the prices of glass, he said: The price at which our company is selling plate-glass to-day to American consumers is 65 cents per square foot, which is a decline in price since this petition was prepared of at least 50 per cent.

The reading of the petition being concluded, Mr. Hitchcock said: In addition to what I have already said, I have attached the testimony given by me to the Tariff Commission. I will not read that, because it is in a certain degree the same as is contained in the memorial. That is all that I have to say at present on the subject of American plate-glass except to emphasize the statement which I made, that since that memorial was addressed to this committee in the last Congress our company has further reduced the price of glass to the American consumer. I do not know, nor is it any of my business to know, what prices those who are selling the glass which we give at these low rates are charging to their customers. That is their concern, not mine; but I state as a fact that the existence of American plate-glass factories has during the last eight years reduced the cost to the consumer from \$1.50 a square foot to 65 cents a square foot, which is the present price to-day. We assume that the object of the proposed reduction of duty on plate-glass is to benefit the American consumer, and I claim that the American plate-glass factories to-day are marching forward in that direction as fast as it is possible for any industry of this kind to do.

Our company has been in existence ten years. The first company, which it succeeded, failed to an amount involving \$100,000. Two other companies have their factories standing idle, one of them at Louisville, Ky., and the other at Jeffersonville, Ind. Two out of the five companies that started are now idle, for the reason that in order to make plate-glass establishments profitable they must have a very large production. The cost of establishing industries of that kind in this country is out of proportion to their revenues, for the reason that the machinery required in a plate-glass factory is very large and very costly.

That is what the American glass factories have done; and while there is a hue and cry to the effect that the duty on plate-glass amounts to about 150 or 160 per cent., there is another side to the question, and that is this: That the duties on the smaller sizes of plate-glass are comparatively insignificant, while the product of those factories, owing to the exceedingly hazardous nature of the business itself, results in fully one-half of it being of small sizes, and for these small sizes the factories have to accept 50 cents on the dollar. There is an importer of glass here to-day who will tell you that he had to sell 80,000 feet of plate-glass in one lot which did not return 50 cents on the dollar. We must, therefore, have higher prices on the larger sizes of plate-glass in order to equalize the loss which we sustain upon the smaller sizes. When I tell you that the first five years of the existence of our factory resulted in absolute loss to us, and that in the whole ten years of its existence the return to the bloated monopolists who are stockholders in it has been an average of 3.9 per cent., while we have reduced the cost of glass to consumers from one dollar and fifty cents per square foot to 50 cents, it will be seen that we are deserving of some fair consideration.

Mr. MILLS. Where do your foreign competitors reside?

Mr. HITCHCOCK. There are two large plate-glass factories in England, and there are plate-glass factories in France, Germany, and Belgium.

Mr. MILLS. What is the cost of freight on plate-glass from those countries to New York?

Mr. HITCHCOCK. I cannot tell exactly. I think about 2 cents a square foot.

Mr. MILLS. How do they put up plate-glass?

Mr. HITCHCOCK. In boxes.

Mr. MILLS. How many square feet to the box?

Mr. HITCHCOCK. That varies with the size of the glass and the amount of the order. There is generally about five or six hundred square feet in a box.

Mr. MILLS. Say that there is 500 square feet of glass in a box; what is that worth?

Mr. HITCHCOCK. That depends entirely on the sizes. We are delivering our glass to-day in New York for 65 cents a square foot.

Mr. MILLS. How much is the cost of labor that goes into that 65 cents a square foot?

Mr. HITCHCOCK. About 90 per cent. of it is for labor.

Mr. MILLS. After all the materials are furnished?

Mr. HITCHCOCK. There is no material in plate-glass that amounts to anything except soda-ash.

Mr. MILLS. Do you not use coal?

Mr. HITCHCOCK. Yes.

Mr. MILLS. Well, I am talking of materials that are furnished to you; and what I want to know is, after all these materials are furnished, what amount you pay for your labor in putting those materials into glass?

Mr. HITCHCOCK. I should say 60 per cent., certainly.

Mr. HISCOCK. After taking all the materials laid down in your factory, the cost of labor is, you say, how much?

Mr. HITCHCOCK. At least 60 per cent. The amount of cash which we pay out for labor every month is fully 60 per cent.

Mr. HISCOCK. About how much is paid to laborers who compete with you?

Mr. HITCHCOCK. Where they pay their laborers 625 francs in France and Germany, and \$253 in England, we pay our laborers \$500.

Mr. HISCOCK. Then you pay your laborers about double?

Mr. HITCHCOCK. From double to three times as much. We pay about double the wages that are paid in England and about three or four times as much as are paid in France and Belgium. In the last page of the document which I have submitted you will find the comparative wages in the different departments of plate-glass making.

Mr. MILLS. Are not the wages there reckoned according to days, months, or years?

Mr. HITCHCOCK. No, sir; I think the system there is the same as the system here. We have in our employment a manager who has lived in England.

Mr. MILLS. Is the amount of wages fixed by the unit of quantity—by the square foot of glass, for instance?

Mr. HITCHCOCK. The wages are fixed by the month, and also by the piece. Some of our men work by the piece.

Mr. BROWNE. But, assuming that the American laborer produces as much in a month as the European laborer, then the comparisons which you make are proper?

Mr. HITCHCOCK. Assuming that they produce the same quantity of work, our pay-rolls will show twice as much as is paid in England, and fully three times as much as is paid on the continent.

Mr. MILLS. In fact, do the plate-glass workers in England and on the continent produce as much as they do in this country?

Mr. HITCHCOCK. That I cannot tell. I am not familiar with the factories abroad.

Mr. MILLS. Do they use machinery to the same extent in England and Germany as they do here?

Mr. HITCHCOCK. I think they do.

The CHAIRMAN. Have any of your associates anything else to say to the committee?

Mr. HITCHCOCK. I do not know that they wish to say anything.

STATEMENT OF MR. DEPAUW.

Mr. DEPAUW, of the American Plate-Glass Works, New Albany, Ind., next addressed the committee. He said:

Mr. Chairman and Gentlemen: I have nothing whatever to say, except to emphasize what Mr. Hitchcock has said. Mr. Hitchcock has covered the matter of plate-glass duty so fully that I will only trespass upon your time to call your attention to the fact that when the present law was enacted there were five live plate-glass factories in this country. Since then two of the five have been abandoned, owing to sharp competition under the present rate of duty, and the original stockholders will not, in my judgment, realize 10 per cent. on the amount of their investment. A reduction of the present duty on plate-glass, as proposed, would doubtless do what the combined capital of Europe has failed to do—that is, close and crush the three remaining plate-glass works in this country. I have the honor of submitting for your consideration copies of letters from my father and myself on this subject. The letters are as follows:

NEW ALBANY, IND., *February 14, 1884.*

Hon. W. R. MORRISON, *Chairman,*
Washington City, D. C.:

MY DEAR SIR: Inclosed I have the honor of handing you a paper which will give you some facts in relation to the manufacture of plate-glass in this and other lands.

Owing to the determined opposition of European manufacturers every attempt to manufacture plate glass in America has been a sad failure, resulting in financial ruin and disaster to the undertakers until I took hold of it at this place.

After a fight of nearly ten years, in which the French, Belgian, and English manufacturers combined and did their utmost to crush me, in which struggle I lost more than \$600,000 and gave it the most earnest effort of my life, I finally succeeded, in 1879, in

making plate-glass (equal to any in the world) without loss; since when there has been a small profit, but in no one year exceeding 5 per cent. on the capital invested.

Hence you see that a slight reduction of tariff duties might be disastrous.

I feel confident that if present tariff duties are maintained the push, energy, and pluck of Americans are such that before 1900, they will accomplish that which took the Englishmen and Frenchmen three hundred years to accomplish. Namely, that we will manufacture all the plate-glass the country requires and furnish it at such rates as to defy competition.

The facts are, before plate-glass was made in America the foreigner compelled us to pay \$2.50 per foot. When American works were being established (to discourage us) they reduced the price to \$1.50 per foot. The sharp competition and determined fight that we have made has reduced the price gradually until now the average price of all sizes is about 80 cents per foot—while the English and French and Belgian consumer pays over 60 cents per foot.

Americans can do anything that can be done by men. Hence I confidently reiterate that we shall, with improved methods and skill, in a few years produce this article as low as it can be produced anywhere in the world.

Therefore, in addition to national pride, I urge as a question of dollars and cents that it will be wise to maintain present duties. I trust that you will not permit myself and other American plate-glass manufacturers to be crushed. Please stand by us.

I am, with high regard, very respectfully yours,

W. C. DEPAUW.

P. S.—It is proper to say that owing to the great flood of February, 1883, and sharp competition we did not make a dollar last year, and this flood will so damage us to make profits impossible in 1884. Is it wise to crush us?

D.

Plate-glass is essentially a luxury.

Not a foot of large plate-glass is used by farmers, laborers, or any but the wealthy.

The duty on small plate, such as used by poor people, is only 15 per cent. to 20 per cent.

Plate-glass wages.

[Per week.]

Ocenpation.	American.	French.	German.	Belgian.	English.
Foreman easting-house.....	\$22 50	\$13 60	\$9 37	\$9 00	.....
Casting-house mixers.....	8 33	.....	5 62	5 50	\$6 96
Furnace and tablemen.....	12 00	6 00	6 25	7 50	9 36
Grinding-men.....	14 70	6 90	4 87	4 80	10 92
Grinding-boys.....	4 36	1 80	1 87	2 70	3 36
Smoothing-men.....	14 50	6 90	6 87	8 00	10 92
Smoothing-women.....	6 50	1 86	1 87	2 58	2 40
Smoothing-girls.....	4 85	1 50	1 50	2 04	1 20
Polishing-men.....	23 00	6 90	4 87	6 12	7 92
Polishing assistants.....	17 15	3 90	3 75	5 62	.....
Warehouse packers.....	13 15	6 90	4 50	6 26	4 32 to 6 00
Machine laborers.....	9 70	4 00	4 50	4 80	5 34

All above wages except English are wages current in 1882.

English wages are those paid in 1878 as per United States census report that year.

More than 75 per cent. of the cost of plate-glass is directly and indirectly wages.

Plate-glass tariff in England.

	<i>Per square foot.</i>
1671. Plate-glass not mentioned, but all glass not mentioned, 37 cents the pound making counting 3½ pounds to the square foot.....	\$1 29
1819. Per square foot ..	1 60
1829. Under 9 square feet.....	1 50
Over 9 square feet and under 14 square feet.....	2 00
Over 14 square feet and under 36 square feet.....	2 35
Over 36 square feet.....	7 75
1845. Under 9 square feet.....	25
Over 9 square feet and under 14 square feet.....	50
Over 14 square feet and under 36 square feet	62½
Over 36 square feet.....	75
1847. Under 9 square feet	12½
Over 9 square feet and under 14 square feet.....	25
Over 14 square feet and under 36 square feet	32
Over 36 square feet.....	37½
1848. Under 9 square feet.....	06
Over 9 square feet and under 14 square feet	12½
Over 14 square feet and under 36 square feet	15
Over 36 square feet.....	18
1856 to now, plate-glass free.	

The importation of plate-glass into France was prohibited under the severest penalty. For example: In the law which was annulled in 1786 the tariff on large mirrors (all of which are made of plate-glass) reads thus: "Importation of mirrors prohibited under pain of confiscation and £3,000 penalty," and under the then laws a failure to pay the penalty sent the importers to prison. From this time until the conventional tariff of 1860 it (plate-glass) has either been prohibited or a tariff duty more than double as high as the highest ever levied in the United States effectually excluded all foreign glass and firmly established in France the largest, most complete, and successful mirror and perhaps sheet-glass establishment in the world.

Every man or company who has attempted to make plate-glass in America has met with either absolute failure or immense losses.

The DePauw Glass Works up to January 11, 1879, has lost over \$600,000, and since then have not gained 5 per cent. per annum profit on capital invested.

The Saint Louis factory lost \$500,000 and changed hands, and since 1875 has made a total of 7 per cent. profit, or 1 per cent. per annum.

The Jeffersonville factory lost about \$300,000.

The Louisville factory, over \$400,000.

The Pennsylvania factory, over \$600,000.

The Massachusetts factory, over \$1,100,000.

The industry was only begun about ten years ago, and has only been fairly established the past two years.

The manufactory is in its infancy.

The prices of plate-glass in the United States before a tariff was levied was about \$1.50 per square foot.

After the duty was levied, before American factories competed, about \$2.50 per square foot.

Since American factories have entered into market their competition has reduced prices, till now the average price is about 80 cents per square foot.

As the United States imported last year over 3,000,000 feet, the saving by American competition to the people of the United States was one and three-quarter million dollars over free-trade prices, and nearly five millions over prices ruling before American factories came into competition. Multiply this by 10, and you see the claim American plate manufacturers have on the people of the United States for protection while in their infancy. And no part of this great reduction is due either to improved methods or improved machinery, but solely to sharp competition of American manufacturers with European.

While this enormous reduction and saving has been made the low prices stimulated consumption, enlarged imports, and the revenue collected by the Government has increased from \$770,371.03 in 1874, to \$1,012,081.34 in 1882.

Hon. JOHN L. HAYES,

President, and members of the Tariff Commission:

GENTLEMEN: I wish to lay before you some facts in relation to the establishment of plate-glass manufactories in France, England, Belgium, and Germany, the tariff duties that have been levied from time to time, the subsidies paid, the protection afforded for the past two hundred years to establish and maintain this now large industry, as well as the present wages paid in all these countries (except England) and in the United States, and a few facts and suggestions in relation to the establishment of like manufactories in this country.

I went to Europe in August, 1881, with my son, C. W. DePauw, and spent a portion of thirteen months in obtaining information as to tariff and wages abroad. This information has been obtained after long, patient, earnest investigation, after many refusals and denials. Yet after having been rebuffed and refused on the right hand and on the left, by persevering an open door was found and reliable statements obtained. Americans do not realize the jealousy that exists abroad against their manufacturing establishments, notably plate glass. Especially is this true of England, where we are regarded as her greatest rival.

In France the manufactories are under the control of a syndicate, of which Mr. —, of Paris, is chief director. A like syndicate controls the product of Belgium, and Mr. Octave Houtart is the director there. There is no syndicate in England, yet there is a common understanding strictly adhered to, that no one shall be permitted to go through their establishments or obtain any information. So in all these countries I was flatly denied admission to any plate-glass works, although I had letters from their largest customers in America as well as the most prominent men of America, and sought and obtained the aid of some of the leading merchants of Europe. Yet it was all of no avail. Hence I had to abandon this line and seek the desired information through Government officials and from Government records. Here I finally

succeeded fully, except as to the now wages question in England. That I could not obtain from the Government records or officials; and through two of the leading houses of Europe again sought this information. One of these houses failed entirely after repeated efforts. The other, after many refusals, still felt confident of ultimate success. But to-day has made the following report: "The manufacturers do not feel at liberty to reply to our queries as they say the statistical department in America have recently been endeavoring to obtain details of their manufacture, and they believe and hope unsuccessfully, and they infer that our inquiries may be made on behalf of some firm in America, and on no consideration would they feel inclined to afford us the information asked; and at the same time express their regret at not being able to oblige us."

I regret to say that plate-glass manufacturers in Europe, whose agents called upon me and have been shown through my establishment at New Albany, refused to let me look into their establishments.

(1) *Tariff*.—All the statements and figures in document "A" attached hereto as to plate-glass in England from 1671 to 1856 were copied from the Government records. An examination will show you that during all these years the tariff actually prohibited the importation of plate-glass; that from 1671 to 1714 the duty was \$1.29 per square foot. Not content with that, from 1819 to 1829, the duty was increased to \$1.60 per square foot, and then it was increased from \$1.50 to \$2.75 per square foot. This high rate of duty was maintained until 1845, then reduced, but still practically prohibitory.

You will observe that these duties are more than five times as high as the highest duty ever levied in the United States. And in addition to this enormous duty Appleton's Cyclopaedia, volume 8, page 10, says: "The production of plate-glass in England was undertaken in 1670, at Lambeth, by the Duke of Buckingham, who imported Venetian workmen. The Government encouraged the enterprise by a bounty upon the glass intended for exportation; and under this protection extended to the different branches of the manufacture, by which the cost was reduced from 25 to 50 per cent. Many other glass factories sprung up in different parts of the kingdom."

In France for many years, up to November 1, 1860, the importation of window glass was absolutely prohibited.

As to plate-glass it was also prohibited under the severest penalty. For example, in the law which was annulled in 1786. The tariff on large mirrors (all of which are made from plate glass) reads thus: "Importation of mirrors prohibited under pain of confiscation and £3,000 penalty," and under the then laws a failure to pay the penalty sent the importer to prison. From this time until the conventional tariff of 1860 it (plate-glass) has either been prohibited or had a tariff duty more than double as high as the highest ever levied in the United States.

In this way, first France, then Belgium (which in glass manufactories is part of France), then England built up and maintained and firmly established the largest and most successful glass manufactories in the world. In fact they have made all mankind buy glass of them. This has been brought about first and mainly by subsidy and protection (and these enormous duties were never for one moment relaxed until their works were so firmly established as to defy all competition); but largely by the very low wages paid their workmen. Schedule B annexed will show that in America we pay from two to four fold as much for labor as is paid in England, France, Belgium, and Germany.

In conclusion, permit me to call your attention to the following facts:

(1) That all money put into plate-glass works in America prior to 1879 had been a total loss.

(2) That some of the shrewdest, most energetic, and successful business men in Boston, New York, Philadelphia, Detroit, Chicago, Saint Louis, and Louisville had in the aggregate invested millions in plate-glass enterprises, and lost the whole of it.

(3) That no plate-glass had been made in America without loss to the maker prior to 1879.

(4) That I, instead of having made a large fortune in a few years, as represented, have actually lost more than half a million dollars over and above all small (very small) profit made since 1878.

(5) That after a long earnest struggle I have succeeded in making good glazing plate-glass at a small profit.

(6) That Americans are paying about half as much for plate-glass to-day as they paid prior to the time plate-glass was made in the United States at my works.

Under the present tariff duties I have succeeded, in less than ten years, in making plate-glass at a small profit. If the present duties are continued I believe that prior to 1890 America will make all the glazing plate she requires, and prior to 1900 all the mirror-glass she requires, thus accomplishing in less than thirty years that which has taken France and England hundreds of years to build up.

Allow me to urge that the only safety to American manufacturers is to continue the

duty on the square foot; and, to avoid frauds, to increase the duty on all glass under 10 square feet, on some of which duty is now as low as 4 cents.

My own judgment is that if the present tariff rate on plate-glass is disturbed that there ought to be one uniform rate on all sizes of glazing and mirror glass of 50 cents per square foot, the glass to be actually measured by the Government on the dock or in the custom-house before it is delivered to the importer. If this is not considered practicable, then I would urge by all means not to have any rate under 25 cents on glazing or mirror glass; that is, all under 10 feet at 25 cents, and all over 10 feet at 50 cents per square foot.

I am led to advise and urge this for the reasons following:

(1) The general agent for France, Belgium, and Germany at Paris said to the Hon. Jesse J. Brown, of this city, that "shippers understand how to evade tariffs."

(2) One of the leading houses in Paris, in reply to my inquiry through a friend as to prices of plate-glass, frankly said, "You cannot buy in Paris and pay duty in America. You do not understand the tariff, and can buy cheaper from the French agent in New York, duty paid."

Mr. J. V. Escott, of J. V. Escott & Sons, one of the leading houses in Louisville, thought, when in Europe, he could buy plate-glass advantageously. On asking for prices he was frankly told to keep his money and buy in New York, as he (Escott) did not understand the New York custom-house regulations, hence could buy cheaper from the agents in New York.

These three facts, which might be multiplied by the hundred, with the additional fact that the price of plate-glass in England and France to the consumer is about 60 cents per square foot on glass of 10 feet and over, while the same glass in America costs about 90 cents per square foot, and yet the tariff duty on this glass is 50 cents per square foot.

If you add to the tariff duty of 50 cents say 10 cents per foot for ocean freights, insurance, expenses of handling, and commissions at New York, you have 60 cents per foot to be paid, leaving for the foreign manufacturer only 30 cents per square foot.

Now, either the Government is being wronged in the way of duty or the foreign maker is supplying glass to America at half the regular price to consumers in England and France.

Is this last supposition reasonable or probable?

Very respectfully, your obedient servant,

W. C. DEPAUW.

NEW ALBANY, IND., April 18, 1884.

Hon. JOSEPH NIMMO, Jr.,

Chief of Bureau of Statistics, Washington, D. C.:

DEAR SIR: Your message of 17th duly received, and although very busy, I will do the best I can to meet your wishes.

According to the best data attainable, plate-glass cost the consumers of the United States prior to the Morrill tariff of 1861 about \$1.50 per square foot. From passage of this bill to the establishment of factories in the United States the price was \$2.50 per square foot. The price at present is about 80 cents per square foot, and you will please remember that no part of this large reduction is due either to improved methods or improved machinery, but solely to sharp competition of American factories.

In 1882 there was, in round figures, 3,050,000 square feet of polished plate-glass imported into this country; this glass at prices ruling before the Morrill bill would cost \$4,575,000; before the competition of American factories, \$7,625,000; now, \$2,440,000.

The difference is very large, and bear in mind that the difference above shown is but for one year, and to multiply it by ten will give a fair idea of the amount saved to the consumers of our country by home competition in plate-glass.

To go more into details, the treasurer of one of the American factories has in his possession the books of a firm of glass-dealers doing business from 1863 to 1870. I compare here prices per square foot then and now.

1863-'70.....	\$3 05	\$2 26	\$1 66	\$3 39	\$3 26	\$2 09	\$2 07
Now	93	95	76	1 04	97	73	92
1863-'70.....	1 68	1 98	2 11	3 67	1 74	1 83	.....
Now	93	97	88	1 07	97	69	.....

Please also bear in mind that prices named from 1863 to 1870 were the prices the firm of glass-dealers paid for their goods. The prices named for the present are our prices to

consumers, and for comparison, from 20 per cent. to 30 per cent. should be added to the prices of 1863 to 1870 to cover freights, insurance, profits, &c.

Hoping the above will be satisfactory, I remain yours, very truly,

N. T. DEPAUW,
Manager.

N. B.—Certified copies of the books ranging from 1863 to 1870 are, I am informed, in the possession of Hon. William McKinley, jr., of the House of Representatives.

D.

STATEMENT OF MR. J. R. DONNELLY.

Mr. J. R. DONNELLY, of New York, next addressed the committee. He said:

Mr. Chairman and Gentlemen: I represent the New York bevelers of plate-glass and the manufacturers of beveled mirrors. This is an industry which has developed within the last ten years and now employs hundreds of workmen in the city of New York alone, not counting those interested and employed in it in Philadelphia, Boston, Chicago, Saint Louis, and other cities. When the original draft of the tariff was made (I believe in 1861) there was no demand for beveled glass, but within the last ten years that demand has become very large.

Mr. HEWITT. Explain what beveling is.

Mr. DONNELLY (producing and exhibiting a dressed piece of plate-glass) explained that beveling meant putting that peculiar edge upon the glass. He said: I represent the following firms in New York: Hughson & Oudin, J. R. Donnelly & Co., Gallagher & Gilroy, Jacob Zahn, Souwein & Co., S. H. Heydorf, A. Vogeley, Schmit & Bro., A. C. Friend, A. Van Praag & Co., J. Hurson, J. Schuster, Thomas Jones, Noel & Son, John McCue, Jacob Hornberger, J. D. Devoe, J. N. Reisen & Co., Walker Glass Silvering Company, and J. Kahn. There are also several firms employed in the silvering of beveled glass.

Mr. HEWITT. State what the trouble with the present tariff is, and what you want.

Mr. DONNELLY. The beveling of plate-glass receives no protection at present.

The CHAIRMAN. You mean that the glass which is beveled comes in at the same rate of duty as that which is not beveled?

Mr. DONNELLY. Yes. It was brought about in this way: Previously to a decision in the case of Howard Brothers & Reed against the collector of the port of New York, in January, 1883, all beveled plates paid a duty as cut glass at the rate of 45 per cent. ad valorem. But on account of this decision, which was rendered according to the wording of paragraph 135, Schedule B, they pay duty now only as the least polished plate-glass silvered, or looking-glass plates, allowing for the beveling to be imported free of duty. Paragraph 135 reads: "Articles of glass cut, engraved, painted, colored, printed, stained, silvered or gilded, not including plate-glass, silvered, or looking-glass plate, 45 per cent. ad valorem." But according to this decision beveled glass pays duty only as cut polished plate-glass. The importers bring it in now as polished plate-glass, simply paying the duty on that glass. To show the inconsistency of this decision, as applied to beveled plates, I have only to say that small plates, for which there is the largest demand in this country, pay but 5 per cent. on the glass, beveling, and silvering, while the duty on large plates is over 45 per cent.

The CHAIRMAN. Do I understand you to say that you would be satisfied with a duty of 45 per cent.?

Mr. DONNELLY. All that we ask is the same duty over again. But we ask that it be not put on as an ad valorem duty, but as a specific duty.

Mr. HEWITT. If you get 45 per cent. on the beveled glass you would be satisfied?

Mr. DONNELLY. Yes; and that is all we ask. We claim that about eight-tenths of the cost of beveling consists of labor, and the labor in this country is much higher than that of the old country. For instance, the skilled workmen in this business are paid in Germany \$3 a week, while here they are paid from \$12 to \$15.

Mr. McKINLEY. What is the duty on the plate glass that is not beveled?

Mr. DONNELLY. Three cents a foot.

Mr. McKINLEY. Do you know what ad-valorem rate that would be equivalent to?

Mr. DONNELLY. When you come to take the beveled, the silvering, and the gilding together, it would put the ad-valorem rate down to 5 per cent.

Mr. McKINLEY. What rate do you want for the beveling alone?

Mr. DONNELLY. We want at least a duty of 45 per cent.

Mr. McKINLEY. I understood you to say that the duty on this glass would be 20 per cent.

Mr. DONNELLY. Twenty per cent. at the present time; but, when the importer puts the silvering on it, he gets it at 5 per cent. The duty on the plain glass is 20 per cent.

Mr. HEWITT. In other words, the glass costs more when it is silvered and beveled. The duty is the same, but this additional cost reduces the ad-valorem rate?

Mr. DONNELLY. Yes, sir. A gentleman who was to come here and give me moral support is not present.

Mr. HEWITT. You can explain the matter better yourself. You are a practical man.

Mr. DONNELLY. The men whom I represent are all practical men. They have not capital. They are simply workingmen. I have worked myself up from having \$300 or \$400 capital to be worth about \$10,000 to-day, and the other men whom I represent are in the same condition. If you bring down the duty these men will all be thrown out of business.

Mr. HEWITT. Now tell us what you want.

Mr. DONNELLY. I have written it out here, so that there may be no misunderstanding. Here is what we want put into the tariff to replace paragraph No. 135:

"Articles of glass, cut, engraved, painted, colored, printed, stained, silvered, or gilded, porcelain and Bohemian glass, chemical glassware, and all manufactures of glass, or of which glass shall be the component material of chief value, not specially enumerated or provided for in this act, 45 per cent. ad valorem."

And here is what we want to replace paragraph No. 141:

"Cast polished plate-glass, silvered or looking glass plates not exceeding 10 by 15 inches square, 13 cents per square foot; above that and not exceeding 16 by 24 inches square, 15 cents per square foot; above that and not exceeding 24 by 30 inches square, 18 cents per square foot; above that and not exceeding 24 by 60 inches square, 35 cents per square foot; all above that, 60 cents per square foot."

Mr. HEWITT. What ad-valorem rate would that give you on beveled glass?

Mr. DONNELLY. That applies to the silvering. The rate on beveled glass would give an ad-valorem rate of about 45 per cent. Then we wish the following proviso to be added:

"*Provided*, That all cast plate-glass, polished or unpolished, silvered or looking glass plates, cylinder or crown glass, polished or unpolished, and window-glass with beveled or ornamented edges, should pay the following additional duties for beveling or ornamenting; plates not exceeding 10 by 15 inches square, two-thirds of a cent, running inch of beveling or ornamenting; above that and not exceeding 16 by 20."

Mr. HEWITT. Do I understand you to say that these rates would only bring the duty on beveled and silvered glass up to 45 per cent., the same as the other articles of plate-glass now pay under the present tariff?

Mr. DONNELLY. Yes, sir.

Mr. HEWITT. In your proposed plan have you changed the rates at all on ordinary plate-glass?

Mr. DONNELLY. No, sir.

Mr. HEWITT. You propose to leave those rates just as they are?

Mr. DONNELLY. Yes.

Mr. HEWITT. You simply ask that instead of putting your beveled glass under the same duties as plate-glass, you want it put under the omnibus clause of 45 per cent.; and you say that those specific rates which you propose are equal to 45 per cent. ad valorem?

Mr. DONNELLY. Yes, sir.

Mr. HEWITT. That was formerly the rate of duty?

Mr. DONNELLY. Yes.

Mr. HEWITT. And you want it put back, only that you would have the ad-valorem rate changed to a specific rate?

Mr. DONNELLY. Yes.

Mr. MILLS. Do you propose to change the rates at all?

Mr. DONNELLY. No; we propose to let them stand as they are now.

The CHAIRMAN. What is the lowest rate that you propose for beveling?

Mr. DONNELLY. A cent and a half per running inch.

The CHAIRMAN. How much would it cost you to do that beveling?

Mr. DONNELLY. Over 1 cent an inch.

The CHAIRMAN. And you want a duty of a cent and a half upon the work that costs you 1 cent?

Mr. DONNELLY. Yes. It is over 1 cent?

The CHAIRMAN. Tell us exactly what it is.

Mr. DONNELLY. The beveling costs me a cent and a quarter a running inch.

Mr. HEWITT. In other words you want the whole cost of the work put on as a duty?

Mr. DONNELLY. Yes.

Mr. HEWITT. But it costs something on the other side to have the beveling done, does it not?

Mr. DONNELLY. It costs them probably \$3 there where it costs us from \$9 to \$15 here.

Mr. HEWITT. But you have got in your favor freight and commissions, and all the rest, and now you ask us to put on the whole amount of the cost as a protective duty for you. That is not a reasonable request, is it?

Mr. DONNELLY. I do not want that.

Mr. HEWITT. You say that you want a duty of a cent and a half per running inch, and you say that this work of beveling does not cost you a cent and a half.

Mr. DONNELLY (hesitating). I may have figured that out wrong.

Mr. MCKINLEY. You think you need that much?

Mr. DONNELLY. I do.

Mr. BROWNE. If you get a cent and a half duty per running inch for beveling, what duty is there on that particular piece of glass?

Mr. DONNELLY. There is a duty on the plain glass of 3 cents a square foot.

Mr. BROWNE. So in your case you would have the advantage, first, of a duty of 3 cents per square foot on the plain glass, and then of a cent and a half for every running inch of the beveling. What ad-valorem rate would both those put together make?

Mr. DONNELLY. The duty on plain glass would be about 20 per cent. ad valorem; but you know that the plain glass in my hands is raw material. I have to pay the duty on the plain glass.

Mr. BROWNE. But, taking your 3 cents duty on the square foot, and your cent and a half duty per inch for the beveling, what ad-valorem rate would those two make on the whole piece of glass?

Mr. DONNELLY. Twenty per cent. on the plate-glass and 45 per cent. on the beveling.

Mr. BROWNE. Then you would get an ad-valorem protection, in your case, of 65 per cent.

Mr. HEWITT. Oh, no; he gets over 100 per cent. for his beveling; but he has no advantage from the duty on the plate-glass. He pays that duty, and he wants to keep that duty down. He does not get that; he pays it.

Mr. HISCOCK (to Mr. Donnelly). You understand what Mr. Hewitt's inquiry points to. It is whether the duty that you ask for this glass, on account of its being beveled, amounts to more than the cost of the beveling. That is the point which Mr. Hewitt makes, and that seems to be so.

Mr. DONNELLY. It has to be so.

Mr. HISCOCK. But you know that all you want to protect you in your business would be the difference between the labor cost on the other side and the labor cost on this side.

Mr. DONNELLY. If I got that difference I would even get more than I ask, because the labor on this side is anywhere from \$12 to \$15 a week, and on the other side only \$3.

Mr. HISCOCK. But you get, under your proposition, all that the work costs you. The lowest rate of duty which you ask on the beveling is how much an inch?

Mr. DONNELLY. A cent and a half.

Mr. HISCOCK. How much does the beveling actually cost you?

Mr. DONNELLY. The cost runs up to a cent and a quarter per running inch.

Mr. HISCOCK. Then you ask more than the whole thing costs you?

Mr. MCKINLEY. Are you sure that you can bevel glass at the price you name, a cent and a quarter per running inch?

Mr. DONNELLY. Yes.

Mr. HEWITT. That seems to be the difficulty with all these gentlemen. Mr. Donnelly is asking for more duty than the actual cost of doing the work, and that is not a reasonable request.

Mr. HISCOCK (to Mr. Donnelly). You see the point which Mr. Hewitt makes, and I am rather of his way of thinking in this matter.

Mr. DONNELLY. Perhaps I must admit that I am in error in my calculation.

The CHAIRMAN. You are right enough; but you think that you get too little protection. I want you to show, by answering a question, that which is true of all these other claims here about paying labor. You have got four-tenths of a cent of labor in an inch of this work, and you want a duty of a cent and a half per inch to protect you.

Mr. HEWITT. If Mr. Donnelly would only tell us the difficulty that he wishes to remove, I do not think there would be any trouble in the matter.

Mr. DONNELLY. I know that the beveling costs me $1\frac{1}{4}$ cents. an inch.

Mr. BRECKINRIDGE, of Arkansas. And you want an ad valorem rate of 45 per cent. on that?

Mr. DONNELLY. Yes.

Mr. BRECKINRIDGE, of Arkansas. Then we will figure it up. Suppose it costs 50 cents to do on the other side that which costs you \$1 to do, then, in order to put you on an equality with the other side, a protection of 50 cents is all that would be required—

that is, the difference between the cost on this side and the cost on the other side. The point which Mr. Hewitt is making is that if the work costs you only a dollar, you are asking a protective duty of the whole dollar instead of asking the difference between the cost on this side and the cost on the other side. Do you see the point?

Mr. DONNELLY [After a pause]. Yes.

Mr. MCKINLEY. Can you bevel and polish this piece of glass, which you have shown to the committee, for 30 cents?

Mr. DONNELLY [After measuring the piece]. The beveling of this piece costs about 35 cents.

Mr. HEWITT. I think that every member of this committee will agree to give you the difference between the cost of beveling on this side, and the cost of beveling on the other side; but you come and ask us to give you the whole cost on this side. That cannot be just or reasonable.

Mr. BRECKINRIDGE, of Arkansas. Mr. Donnelly has made an error in his calculation. His proposition really involves a specific duty of about seven-tenths of one per cent., which would give him an ad valorem rate of 45 per cent.

Mr. DONNELLY. Yes, sir.

Mr. HEWITT [To Mr. Donnelly]. If that is what you want, I have nothing to say against it; but I know it is not what you want. You are mistaken again.

Mr. DONNELLY. I want 45 per cent. on the beveled glass.

Mr. HEWITT. You said a while ago that, before this decision which you mention, the whole of this came under the 45 per cent. schedule—which meant glass and beveling both.

Mr. DONNELLY. Yes.

Mr. HEWITT. Then that was overruled, and you want to get back to the condition which existed before it was overruled.

Mr. DONNELLY. No, sir; I want glass to stay at its present rate of duty.

Mr. HEWITT. But you want the duty to be made equivalent to 45 per cent. on the whole value of the glass and beveling.

Mr. MCKINLEY. He says he does not.

Mr. DONNELLY. I want 45 per cent. on the beveling, not upon the glass and the beveling. Let the duty on glass stand as it is now.

Mr. HEWITT. But formerly did you not get 45 per cent. on the glass and beveling both?

Mr. DONNELLY. Yes.

Mr. HEWITT. And yet you bought your glass with a duty of 20 per cent.?

Mr. DONNELLY. Yes.

Mr. HEWITT. And you want to be made as well off now as you were then?

Mr. DONNELLY. Yes.

Mr. HEWITT. We want to find out what rate of duty will do that. You say it will require a cent and a half per running inch?

Mr. DONNELLY. Yes.

Mr. HEWITT. But, inasmuch as it costs you only 1½ cents, you really want more than the whole cost by way of protection. That is impossible, because it costs something on the other side to do this work. The trouble is that you ask too much.

Mr. BROWNE. I understand Mr. Donnelly to say that he is satisfied to let the duty on plate-glass remain as it is, and to have simply a duty of 45 per cent. on the beveling.

Mr. HEWITT. He has said that, but he does not mean it.

Mr. DONNELLY. I do mean that. I want 45 per cent. on the beveling.

Mr. HEWITT. Then 45 per cent. on the cent and a quarter per inch, which you say it costs you, is about half a cent an inch duty. Is that what you want?

Mr. DONNELLY. Yes; half a cent on the inch.

Mr. HEWITT. Then why did you ask for a cent and a half?

Mr. DONNELLY. I made an error in my calculation.

Mr. MCKINLEY. Then you want 45 per cent. upon the beveling?

Mr. DONNELLY. Yes.

The CHAIRMAN. Now we all understand what you want.

STATEMENT OF MR. J. H. HEROY.

Mr. J. H. HEROY, of New York, plate-glass importer, said:

You will find, gentlemen, that when you undertake to regulate the duty on this plate-glass, beveled and unbeveled, silvered and unsilvered, you have undertaken a very difficult problem to solve. You cannot do it so as to cover all interests. On the one side is the manufacturer and the man who imports, and on the other side is the beveler. A duty of 45 per cent. as proposed on the beveling would have this singular effect. Such a duty on this piece of glass (referring to the piece exhibited by Mr. Donnelly) is simply

prohibitory. We cannot import it while a duty of 45 per cent. upon beveled plates over 10 feet square is really lower than the duty on glass itself. There is the difficulty of the problem. How are you going to fix the duty so as to make it fair on all sizes? This beveling varies from $\frac{3}{8}$ of an inch wide to two inches, and unless you make a rate of duty covering every width you cannot reach the case. You cannot reach the case by providing for different sizes. A plate 4 by 6 requires more beveling and costs more in proportion to its size than a plate 6 by 8. I appreciate the position of these bevelers, and I am in favor of giving them some protection. But how to do it is the problem. The suggestion which they make of fixing the duty by the running inch of beveling, is very good, provided it is put on a proper basis.

Mr. HEWITT. You observe that Mr Donnelly went from a cent and a half an inch to half a cent?

Mr. HEROY. Yes, sir; it is difficult to know what that rate means. It may be 45 per cent. ad valorem in one case, and may be a different rate in another case.

The CHAIRMAN. And you are trying to tell us about the difficulty of getting a 45 per cent. ad valorem rate upon different classes?

Mr. HEROY. Yes, sir.

Mr. HEWITT. But Mr. Donnelly proposed a specific duty.

Mr. HEROY. Then I would like to see him figure out a specific duty which will cover all cases.

Mr. HEWITT. He proposed it by the running inch.

Mr. HEROY. I understand that.

Mr. HEWITT. But so long as he is satisfied——

Mr. HEROY. But I am not satisfied.

Mr. BRECKINRIDGE, of Kentucky. Why are you not satisfied?

Mr. HEROY. Because I am a beveler myself.

Mr. BRECKINRIDGE, of Kentucky. Where do you bevel your glass?

Mr. HEROY. In my own establishment.

Mr. BRECKINRIDGE, of Kentucky. In this country?

Mr. HEROY. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. And you want more than Mr. Donnelly does?

Mr. HEROY. No; I have not asked that.

Mr. BRECKINRIDGE, of Kentucky. You say that you are not satisfied with his rates?

Mr. HEROY. No. I want the duty adjusted on the actual cost of the goods.

Mr. MCKINLEY. Is Mr. Donnelly right about the cost of beveling?

Mr. HEROY. I should think he is right about this small glass. We do very little of that work. This business is done by these men themselves. The difficulty is this, that the work can be done abroad so much cheaper, that beveled glass comes in at the same rate as unbeveled glass. While beveling increases the cost, it does not add one cent to the duty, and that is a serious injury to these men. Even in silvering glass they have a very small protection.

Mr. HISCOCK. I do not see how you can be dissatisfied with the rate proposed by Mr. Donnelly, because it does not hurt you.

Mr. HEROY. I do not know that. I have not examined into the matter.

Mr. HISCOCK. Your argument amounts to this, that where the beveling is 2 inches wide instead of 1 inch, there should be some additional compensation for that. I grant that. But it does not hurt you any, but rather benefits you, if you have something for the beveling, rather than have nothing.

Mr. HEROY. Oh, I grant that. I am only showing the difficulty in arranging the matter.

Mr. HISCOCK. But I do not see how Mr. Donnelly's proposition hurts you any.

Mr. HEROY. I understand that. I am satisfied. Anything that you put on for the beveling is a benefit to us. But I was showing the difficulty of undertaking to put it on an ad valorem basis.

Mr. HISCOCK. The difficulty you suggest is simply that the rate proposed is not enough.

The CHAIRMAN. Enough for some people, and not enough for others.

Mr. BRECKINRIDGE, of Arkansas (to Mr. Heroy). What is your proposition?

Mr. HEROY. The suggestion of Mr. Donnelly to make the duty per running inch is a very good one.

Mr. BRECKINRIDGE, of Arkansas. Have you any definite plan to suggest?

Mr. HEROY. No, sir.

Mr. DONNELLY. I made my calculations so as to cover the contingency of whether they put a half inch, or an inch or a two inch bevel on a plate on the other side, and I proposed that the duty should be one and a half cents per running inch upon any width of bevel. That is what I thought the duty should be, and my calculations were only really for a duty of about 45 per cent. ad valorem.

Mr. HISCOCK. Why not have it on the square inch?

Mr. DONNELLY. Because it would require so much detail to fix it.

The CHAIRMAN. Another difficulty is that what would give some people an ad valorem duty at 45 per cent., at this rate would give Mr. Donnelly an ad valorem duty of 125 per cent.

STATEMENT OF MR. S. J. BACHE.

Mr. S. J. BACHE, of New York, next addressed the committee. He said:

I was not at all prepared, Mr. Chairman, to hear the proposition which has been made about beveling; but, on listening to Mr. Donnelly's proposition, it came to my mind that it is much more far-reaching than he knows of. We are importing into this country an article that is not produced in the United States, and that is known under the name of German looking-glass plates. It is used by the manufacturers of furniture as their material. These looking-glass plates are made in Germany, and nowhere else, and they are imported here to a very large degree. For instance, a size 24 by 30 is imported annually to the amount of 150,000 plates. It goes into chamber furniture—a set of furniture that is sold at from \$8 to \$15—so that it is really the raw material of furniture manufacturers, just the same as lumber is, as much of it comes in plain as comes in beveled. The proposition which Mr. Donnelly makes to add a cent and a half an inch to the duty for the beveling would raise the duty to \$3.20 a plate, which plate to-day is selling at from \$2.75 to \$3. That duty would only make it prohibitory, and would shut out a very large amount of goods that is imported into this country, that has been brought here for seventy years, and which has no competition here or anywhere else. Therefore the proposition of Mr. Donnelly was a very crude one. He was only thinking of this little bit of mirror here which he has produced. The United States Government realizes quite a large revenue from these German looking-glass plates, and any duty levied hereafter upon the basis proposed by Mr. Donnelly would shut out a very large amount of these goods, which are necessary to the carrying on of the business of furniture and cabinet-making in this country.

Mr. HEWITT. What is the smallest size imported for cabinet-work that is beveled?

Mr. BACHE. 12 by 30, or 12 by 18. That is for the furniture business, or mirrors.

Mr. HEWITT. If Mr. Donnelly's proposition were limited to plates 12 by 20, it would not affect this trade of which you speak?

Mr. BACHE. Not all all. It would affect only the fancy-goods trade. We got in the goods below 5 feet at a higher rate of duty than we are paying to-day, and the goods above 5 feet at a much lower rate.

Mr. BRECKINRIDGE, of Arkansas. How did that happen?

Mr. BACHE. That was one of the ambiguities of the present tariff.

Mr. MCKINLEY. Which we are now seeking to correct.

Mr. BACHE. And in which the country hopes you will succeed.

STATEMENT OF MR. FRANK L. BODINE.

Mr. FRANK L. BODINE, of the Glass Manufacturers' Association, Philadelphia, came before the committee and said:

It is suggested, Mr. Chairman, that perhaps as the two subjects of plate-glass and cylinder window-glass are totally different, it will be better not to mix them up, and that, therefore, the plate-glass subject shall be disposed of before the cylinder-glass subject is presented.

Mr. MCKINLEY. I should like to hear some gentleman in opposition to Mr. Hitchcock, if any gentleman wishes to be heard in that connection. I understood that some gentlemen wished to speak in opposition to him; and, if that be so, I think that this is the time they should be heard.

The CHAIRMAN. If they are here, we shall be glad to give them a hearing.

FURTHER STATEMENT OF MR. HEROY.

Mr. HEROY. I propose, Mr. Chairman and gentlemen, to say a few words on this subject. I have no antagonism particularly to the American manufacture of plate-glass; in fact I am slightly interested on the other side. I am a manufacturer as well as an importer. The product which I use in my manufactures, and which is not manufactured in this country, I want to have at as low rate of duty as I can possibly get it. If you reduce the duty on my productions, it necessarily follows that these will come in at the

same rate. Now the question is, are we entitled to any reduction at all, and how much reduction can they stand, or can they stand any? I have not heard any statement here that satisfies me that no reduction of duty on plate-glass can be made. It may be that the plate-glass manufacturers are correct in their position. But some of the statements that have been made here are not strictly in accordance with the facts—for instance, the statement as to the reduction of price. In the first instance, in making the comparison of prices they take the year 1873 as the year of maximum prices, when everything was double its ordinary price, not only in glass, but in everything else, and they make that a criterion for comparing prices. The price of glass prior to that was very similar to what the price was five years afterwards. There has been more fall in the price of foreign glass probably in the last eighteen months than there had been in the previous ten years in proportion, and that reduction resulted to a large extent from a diminution in the cost of production and from the competition in manufacturing.

I am astonished to know how cheaply foreign glass can be produced. Still I do not ask a reduction of duty on plate-glass of small size, although I am interested in that too; yet I think that a small average reduction would not injure them, and might perhaps benefit them; but I shall advocate a moderate reduction of duty on plate-glass of large sizes. As long as this high tariff exists the indications are that plate factories are going to increase. The consumption of plate-glass is much smaller than people have any conception of. The importations cover not only glass for glazing purposes, but also glass for silvering purposes. We make no glass yet in this country for silvering purposes, and the question is, Are we to have this extraordinary high duty upon plate-glass of a large size in order to enable the plate-glass manufacturers to make a lower grade of glass because it is more profitable for them to make that than it is to make large sizes? That is all that I have to say. I am not antagonistic to the plate-glass interest, but I only desire to express my opinion in regard to the matter.

Mr. HEWITT. Do I understand you to tell the committee that the condition of the common plate-glass industry is such that it cannot stand any reduction of duty at present?

Mr. HEROY. So they say. I do not know that fact. I do not know whether it can or not, because I have no statistics to guide me. The manufacturers of plate-glass can answer that question better than I can. I suppose they can give you sufficient data to enable you to form an intelligent opinion. I only state that we want a reduction of duty on our quality of goods; we do not ask it on other qualities, but if you make it on ours it forces you to make it on theirs, and that is the proposition.

Mr. MCKINLEY. Do you say that you are a manufacturer of plate-glass?

Mr. HEROY. No, sir; I am a manufacturer of mirrors.

Mr. MCKINLEY. Do you use the foreign plate-glass in making mirrors?

Mr. HEROY. Yes.

Mr. MCKINLEY. And you use none of the domestic plate-glass?

Mr. HEROY. None at all.

Mr. MCKINLEY. How long have you been in that business?

Mr. HEROY. Since 1876.

Mr. MCKINLEY. How have prices ranged in that time?

Mr. HEROY. The fall of prices has been chiefly within the last eighteen months.

Mr. MCKINLEY. Has there not been a steady decline of prices since 1876?

Mr. HEROY. I cannot state that there has been. If so, it has been slight.

Mr. MCKINLEY. There has been some decline?

Mr. HEROY. Yes; resulting from competition, from improvement in machinery, &c. Notwithstanding that there has been this enormous duty, both on window-glass and plate-glass, all the improvements for cheapening the production and bettering the quality have been made abroad. Not a single improvement has originated on this side going to lessen the cost or better the quality.

Mr. MCKINLEY. Then you think that the manufacturing of plate-glass on this side has had nothing to do with lessening its price?

Mr. HEROY. No; very little.

Mr. MCKINLEY. But the improvements that have been made on the other side?

Mr. HEROY. You must bear in mind that the consumption of foreign glass in this country is but a very small proportion of the whole product of Europe; and, therefore, while this consumption reduces the cost to a certain extent, yet at the same time the general glass which American manufacturers have to sell holds up the price.

Mr. MCKINLEY. What proportion of American consumption of plate-glass comes from the other side?

Mr. HEROY. I suppose from 5 to 10 per cent. I am not certain about that. I cannot give the figures, because I do not know the consumption of the country.

Mr. MCKINLEY. The proportion is much greater than that.

Mr. HEROY. Not much.

Mr. McKINLEY. Does it not exceed 20 per cent?

Mr. HERoy. No, sir.

Mr. McKINLEY. You have said that you thought this high tariff was not for the benefit of American manufacturers of plate-glass.

Mr. HERoy. I do not think is is.

Mr. McKINLEY. For the reason that it increases the number of establishments in this country?

Mr. HERoy. Yes.

Mr. McKINLEY. That has not been our experience, has it been?

Mr. HERoy. It has proven to be our experience.

Mr. McKINLEY. I understood Mr. Hitchcock and Mr. DePauw to say that of five establishments started in this country two of them had been compelled to quit business.

Mr. HERoy. Yes.

Mr. McKINLEY. Do you know why?

Mr. HERoy. Yes.

Mr. McKINLEY. I wish you would state why.

Mr. HERoy. Incompetency in manufacturers undertaking to make a thing that they knew nothing about.

Mr. McKINLEY. Then the high duties have not increased the number of plate-glass manufactories?

Mr. HERoy. I do not know that. The factories in operation produce a large quantity, and we hear of a fourth factory going into operation. I hear of one which had stopped being about to be revived again.

Mr. McKINLEY. What do you think has been the effect of the closing of our own factories on foreign prices of plate-glass?

Mr. HERoy. I do not think that it has made a difference of 2 per cent.

Mr. BROWNE. Is there a spirit of competition abroad in the manufacture of plate-glass?

Mr. HERoy. Yes; decidedly.

Mr. BROWNE. Do you know how many plate-glass establishments there are in France?

Mr. HERoy. I cannot give the number of establishments there.

Mr. BROWNE. Can you give the number of plate-glass establishments in Belgium, France, Germany, or England?

Mr. HERoy. I can give you the number in England. There are only four in England.

Mr. BROWNE. Are there more than a dozen altogether in Europe?

Mr. HERoy. I do not think there are more than that.

Mr. BROWNE. And yet you say that the competition abroad is very brisk?

Mr. HERoy. Yes.

Mr. BROWNE. Do you not know that there has been a combination between the plate-glass manufacturers in Europe to sell their glass to the American trade at prices on which they have agreed, and that, as to the American market, there is in fact no competition between them?

Mr. HERoy. No, sir; I never heard of such a thing in all my experience. I never knew or heard that there was a combination of manufacturers for such a purpose, and I would be likely to hear of it in my visits to Europe if there was anything like this. There have been no such combinations between the plate-glass manufacturers in the different countries of Europe to make a price or to control this market.

Mr. BROWNE. If there has been you do not know it?

Mr. HERoy. It is a secret, of course.

Mr. McKINLEY. You are an importer of glass?

Mr. HERoy. Yes.

Mr. McKINLEY. Are you a purchaser of American plate-glass?

Mr. HERoy. Yes.

Mr. McKINLEY. What would you say as to the difference in quality between the American and the foreign plate-glass?

Mr. HERoy. You ask my candid opinion, and I propose to give you a candid opinion. There is very little difference between them. The value of plate-glass consists in its polish. There is where all the secret of plate-glass lies. You may have it ever so good in other respects, but you must have a good polish. The advantage which one country has over another is in its peculiarities. The glazing glass which our plate-glass manufacturers produce is somewhat better than that of France, and a little better (not quite so much) than that of England. This country is probably on a par with England—not much difference.

Mr. McKINLEY. What is the difference in the selling price between the French glass and the American glass?

Mr. HERoy. There is no difference at the present time. And there is where we im-

porters have advantaged the American plate-glass manufacturers. We have elevated the value of their goods.

Mr. McKINLEY. They have elevated it by making their glass so good. Is that not entirely due to the machinery which they use?

Mr. HEROY. No.

Mr. McKINLEY. If it were not as good as the foreign plate-glass, you could not get the same price for it?

Mr. HEROY. No, unless it was as good in the general estimation of the public.

Mr. McKINLEY. Do you know the price of English plate-glass prior to 1873?

Mr. HEROY. Yes; about 2 s. a foot.

Mr. McKINLEY. How does the same glass range in price now?

Mr. HEROY. From 1s. 3d. to 1s. 4d.

Mr. McKINLEY. Do you think that the manufacture of American plate-glass had anything to do with lessening the price of plate-glass abroad?

Mr. HEROY. No, sir.

Mr. McKINLEY. You do not think that the competition here has at all influenced the price abroad?

Mr. HEROY. No, sir.

Mr. McKINLEY. What fixes the price?

Mr. HEROY. Supply and demand.

Mr. McKINLEY. The supply on this side has increased within that time?

Mr. HEROY. How much?

Mr. McKINLEY. I ask you how much.

Mr. HEROY. Do you know how the imports of foreign glass in 1873 compared with the imports in 1885?

Mr. McKINLEY. I am asking you whether the supply of our home-manufactured plate-glass has increased within that time?

Mr. HEROY. Certainly.

Mr. McKINLEY. You say that business is regulated on the principle of supply and demand?

Mr. HEROY. Yes.

Mr. McKINLEY. So that our manufacture of plate-glass has been a factor in lessening prices of plate-glass?

Mr. HEROY. No; I will not admit that fact.

Mr. McKINLEY. You still insist that foreign plate-glass would be selling just as cheap if we were not manufacturing plate-glass here?

Mr. HEROY. I mean to say that if there were not a foot of plate-glass manufactured in this country there would not be a difference of 2 per cent., or (in the extreme) of 5 per cent. in the price of plate-glass. The cost of production has been lessened. There is no doubt about that. How much it has been lessened I cannot state. I am only surprised myself at the difference in price.

Mr. McKINLEY. Do you think that the consumer is suffering now?

Mr. HEROY. In what way?

Mr. McKINLEY. By the high prices of plate-glass.

Mr. HEROY. Yes; I think the consumer is suffering. I am an advocate of low prices in glass. I believe that the lower the price of plate-glass the better. I have not the least hesitation in saying that we might quadruple the consumption of plate-glass in less than five years if we had no duty upon it.

Mr. McKINLEY. And where would the plate-glass be made then?

Mr. HEROY. Here.

Mr. McKINLEY. Without any duty upon it?

Mr. HEROY. Without any duty on it.

Mr. McKINLEY. Can they manufacture plate-glass here as cheaply as abroad?

Mr. HEROY. I cannot tell.

Mr. McKINLEY. Do you know the difference in the prices of labor in this country and the foreign countries where plate-glass is made?

Mr. HEROY. Let me ask you a question.

Mr. McKINLEY. Yes; and I will answer it if I can.

Mr. HEROY. According to the statements made here, when glass was selling high, the manufacturers were losing money, and when the price of glass was reduced they began to make money. Now, on the same principle, have I not a right to assume that if the price were reduced still further the manufacturers would make more money?

Mr. McKINLEY. I think your premises are wrong. I did not understand Mr. Hitchcock to say that the plate-glass manufacturers in this country were making money. He has distinctly declared that the dividends paid by the company only averaged 3 $\frac{9}{10}$ per cent. for the last ten years.

Mr. HISCOCK. (To Mr. Heroy.) On this principle of yours, if the manufacturers were to give away their glass—

Mr. REED. They would make more money.

Mr. HEROY. No; I take their own statement, which is that when glass was selling at \$2.50 a foot, they were losing money down to a certain time, and did not make any dividend; but that when glass got down to its lowest point in the history of its manufacture they began to make money, and are making money now.

Mr. MCKINLEY. They are perfecting the manufacture of glass all the while, and yet you said a while ago that not a single improvement in the manufacture of plate-glass had been made on this side—that everything in the way of improvement had come from the other side.

Mr. HEROY. I said that no improvements had originated here.

Mr. MCKINLEY. You do not know anything about the relative cost of the production of plate-glass on the other side and on this side?

Mr. HEROY. I have an idea about it.

Mr. MCKINLEY. What is the difference in the cost of production on each side?

Mr. HEROY. I do not know the cost of production on this side.

Mr. MCKINLEY. What is the cost on the other side?

Mr. HEROY. Something more than a shilling sterling a foot. I am not at liberty to give the exact figures, though they have been given to me.

Mr. MCKINLEY. Why not?

Mr. HEROY. They were given to me as a piece of information, but not to be communicated to others.

Mr. MCKINLEY. Then it is a business secret?

Mr. HEROY. Yes.

Mr. MCKINLEY. Do you know how labor is paid on the other side in plate-glass manufactories.

Mr. HEROY. I do not.

Mr. MCKINLEY. Do you know how it is paid on this side?

Mr. HEROY. I do not.

Mr. MCKINLEY. Do you know whether there is any difference in the rates of pay?

Mr. HEROY. I have no doubt that there is a difference.

Mr. MCKINLEY. There is more paid on this side than on the other?

Mr. HEROY. Yes, sir.

Mr. MILLS. What about the efficiency of labor on each side? Can they do as much on the other side as they can do here?

Mr. HEROY. I do not think so.

Mr. HISCOCK. Have there been any very great improvements made in the methods of manufacturing plate-glass, or does the business remain where it was?

Mr. HEROY. There have been great improvements made in machinery, and machinery has been made more effective by the introduction of gas furnaces instead of coal furnaces.

Mr. HISCOCK. How do you account for the decrease in the price of plate-glass on the other side?

Mr. HEROY. I account for it by the improved methods of production, by the saving of expenses in the cost of manufacture.

Mr. HISCOCK. Do you mean to say that plate-glass can be manufactured on the other side now at 50 per cent. of what it cost three or four years ago?

Mr. HEROY. Of what it sold for; I do not know what it cost, but at 50 per cent. of what it sold for.

Mr. HISCOCK. Have you any idea that glass had been manufactured on the other side three or four years ago at half its present cost?

Mr. HEROY. No, I have no idea of that; but I judge from the prices which we are paying now and which we were paying then that the reduction in the cost of the manufacture on the other side must be 33½ per cent.

Mr. HISCOCK. And the reduction in the price has been how much?

Mr. HEROY. The reduction in the price has been from 2s. a foot to 1s. 3d. a foot.

Mr. HISCOCK. Then the reduction of price has been larger than the reduction in the cost of production?

Mr. HEROY. No; I do not think it has been. I think they are in the same ratio.

Mr. HISCOCK. You do not think that the competition on this side has had any influence in the cost of plate-glass on the other side?

Mr. HEROY. I do not; why should it?

Mr. HISCOCK. It would not, except the glass industry on the other side can be practically controlled (output and prices) by the glass manufacturers on the other side and by the importers on this side. You do not think that possible?

Mr. HEROY. No; I do not think there is any possibility of it. There is too much jealousy between the different nationalities. Take, for instance, France and Belgium, and you will find that there is a strong jealousy existing between them.

Mr. HISCOCK. But the importers on this side can come in as an element in the quarrel?

Mr. HEROY. I do not think they have much to say about it. Our prices govern us in what we can pay them.

Mr. REED. So that the American plate-glass production does exercise an influence after all over prices?

Mr. HEROY. No, sir.

Mr. REED. Have you not just said that it did?

Mr. HEROY. I do not think I did. I did not mean to convey that impression. I said that our prices were governed by the price at which American glass was selling.

Mr. REED. In other words, if you could get American glass lower than foreign glass you made the Englishmen sell their glass lower?

Mr. HEROY. They have reduced prices, without our asking them to do so.

Mr. HISCOCK. Is it not true that the American glass manufactured in this country controls prices?

Mr. HEROY. Of course it does.

Mr. HISCOCK. The importer regulate his price by the price at which the American manufacturer puts his glass on the market?

Mr. HEROY. Certainly; we have to do so.

Mr. HISCOCK. Therefore the price of glass here controls prices abroad?

Mr. HEROY. I did not look at it in that light.

Mr. HISCOCK. It is true that with an increase of the plate-glass industry in this country the price of glass has gradually gone down?

Mr. HEROY. There is not a doubt about that.

Mr. HITCHCOCK. All that I want, and all that the plate-glass manufacturers want in this matter is this: They do not come here to ask any favors which are not based upon absolute facts. Mr. Heroy is one of our most valued customers. I have sold to him a large amount of glass, and I hope to sell him still more. But he is mistaken in two or three things. In the first place, the statistics show that fully 50 per cent. of the plate-glass sold in this country is made here. There is something like 2,700,000 feet of plate-glass imported. The thing is as nearly balanced as possible between the consumption of foreign glass and of domestic glass. The next statement which Mr. Heroy made was that singular one that the lower we got the price of glass the more money we made. With all due respect to Mr. Heroy, he is not a manufacturer, and I do not know that he has ever been in our establishment.

Mr. HEROY. Never.

Mr. HITCHCOCK. No one who has never been in plate-glass works is competent to talk about the business or about all the difficulties which we have to encounter. Mr. Hewitt will know, as a manufacturer, that as you increase your product you reduce the relative cost—coupled with a care and watching, all the while, of little economies, here and there. Mr. Heroy is mistaken in saying that no improvements in plate-glass manufacture have been made in this country. When we took hold of our factory it was a wrecked concern; grinders, smoothers, polishers, and everything else were old-fashioned and were played out. We spent a hundred thousand dollars in making improvements of various kinds, and in that way we have increased our product and given the benefit to American consumers. These are the facts.

Mr. HEWITT. Did you not misunderstand Mr. Heroy? He meant to say, not that you had not made improvements, but that you had not originated inventions.

Mr. HITCHCOCK. There have been no inventions, to speak of, in the plate-glass business, either abroad or here—simply some changes in the machinery that has been in existence.

Mr. MCKINLEY. Mr. Heroy's language was that you had not originated anything on this side.

Mr. HITCHCOCK. For the last six months, instead of using coal for our boilers, we have introduced gas. We have two sets of boilers identical, the one with hand-firing, the other with gas. The one with hand-firing uses 13 tons a day, and the one with gas 8 tons. So that that makes a saving of 5 tons a day. But there is no special improvement in the boilers themselves, only in the mode of using the boilers. We are making those economies all the way through. For the first five years we ran at an absolute loss of hundreds of thousands of dollars. The old company was wiped out entirely. We reduced the cost of production, and are now selling glass to Mr. Heroy at 65 cents a foot which in 1873 we were selling at \$1.25 a foot.

Mr. Heroy says that there has been no combination among the sellers of glass. Mr. Heroy may not know of it, because I think his son is the active manager in his business. I do not say that there is any objection to combinations, so long as they conduct their business in a proper way; but there is a combination in New York consisting of three importers and one English factor (and this gentleman is here in the room to-day); there is a combination to fix prices. I make that statement, and I challenge any member of the committee to ask Mr. Waller, agent of the Plate Glass Company.

Mr. HEWITT. Is there an understanding also between the manufacturers of American plate-glass?

Mr. HITCHCOCK. No, sir; if there is I do not know it.

Mr. HEWITT. You would think it wrong if they came to an understanding about their business?

Mr. HITCHCOCK. Not if they did not ask exorbitant rates. I see no objection to combinations, so long as the combination is properly carried out. I only made the statement because it was said that I made a misstatement here. I do not object to combinations.

Mr. BRECKINRIDGE, of Arkansas. Do you believe that the manufacturers of plate-glass abroad need a larger profit on what they sell to America than on what they sell to other countries?

Mr. HITCHCOCK. No; but the American market is used by foreign manufacturers as a sort of dumping ground on which they can get off their surplus stock.

Mr. BRECKINRIDGE, of Arkansas. On which they must sustain losses?

Mr. HITCHCOCK. I do not know that.

Mr. BRECKINRIDGE, of Arkansas. The inference is that if the foreign manufacturer uses this market as a dumping ground for his surplus goods, he gets less for what he dumps here than for what he sells under orders. Therefore, instead of a combination being against us, the foreign manufacturers supply us cheaper than they supply any other part of the world.

Mr. HITCHCOCK. Perhaps they may be supplying New York cheaper. I know that foreign manufacturers will sell cheaper to New York, Boston, or Philadelphia than they will sell to San Francisco.

Mr. BRECKINRIDGE, of Arkansas. We have nothing to complain of in that.

Mr. HITCHCOCK. We do not object to the foreigners coming and selling glass in this market, because we cannot as yet supply half the demand of the country for plate-glass.

Mr. HISCOCK. You stated that the competition which you have here forces a lower market for plate-glass in New York than in California, where there is no competition.

Mr. HITCHCOCK. Certainly. Competition does that the world over.

Mr. BRECKINRIDGE, of Arkansas. The proposition originally was that if we lower the duty on plate-glass the consumers here will not get the benefit of it; that there are combinations abroad to control the market in America.

Mr. HISCOCK. The proposition is this: That in any part of the United States where they cannot have American competition, and where the trade is surrendered to the other side, the result always is higher prices. That is our principle, and what Mr. Hitchcock says about California proves it.

Mr. HITCHCOCK. I do not object to foreign glass being introduced here. I simply stand upon the broad proposition that, as yet, American plate-glass factories have not reached the point where they can be successfully operated on lower rates of duties.

Mr. HEWITT. Your industry differs from the iron industry?

Mr. HITCHCOCK. Yes.

Mr. BRECKINRIDGE, of Kentucky. I understood you to say that in the first five years your new corporation had a considerable loss.

Mr. HITCHCOCK. Yes.

Mr. BRECKINRIDGE, of Kentucky. But that, taking the next five years, and averaging the whole ten years, your average dividends had been $3\frac{9}{10}$ per cent.

Mr. HITCHCOCK. Yes.

Mr. BRECKINRIDGE, of Kentucky. So that your dividends during the last five years have been about 8 per cent.?

Mr. HITCHCOCK. Six per cent. in 1881, and 8 per cent. for the last four years. Any industry with the danger and risk attending ours (the chief of which is uncertainty about tariff legislation) is entitled, I should think, to 8 per cent. dividend.

Mr. BRECKINRIDGE, of Arkansas. You have recently renewed your establishment?

Mr. HITCHCOCK. We have renewed it three times.

Mr. BRECKINRIDGE, of Arkansas. Has that been done by outside capital?

Mr. HITCHCOCK. No, sir; it has been done by the stockholders putting their hands in their pockets.

The CHAIRMAN. When you changed from the use of coal in your boilers to the use of gas, did that lessen the labor required in your work?

Mr. HITCHCOCK. No, sir; for the reason that it takes two men to fire the furnaces.

Mr. HEWITT. You have not got natural gas there?

Mr. HITCHCOCK. No, sir; the reduction in the consumption of coal is from 8 tons to 5 tons.

The CHAIRMAN. Has this corporation of yours any other associated industry?

Mr. HITCHCOCK. No, sir; our corporation is for nothing else than making plate-glass.

The CHAIRMAN. But is not the same company interested in mining ore?

Mr. HITCHCOCK. I am identified with both; but the two are entirely distinct.

The CHAIRMAN. You are also engaged in the steel business, are you not?

Mr. HITCHCOCK. Yes, sir; but there is no combination that I know of, either in the ore or in the steel. If you refer to Bessemer steel, there is an organization in that business.

The CHAIRMAN. I remember that at one time the steel works at Carondelet were hired to stand still.

Mr. HITCHCOCK. That was not under my administration. So far as the Bessemer combination was concerned, it was a combination to control the patents owned by the company. Mr. Hewitt is familiar with the subject.

Mr. HEWITT. They also made an arrangement by which they agreed to pay a royalty for the works that did not run, and the Vulcan Works at Carondelet elected not to run.

Mr. HITCHCOCK. Other circumstances combined to close up those works, and the owners received their portion of the royalty.

The CHAIRMAN. I remember that several hundred men used to come over the river and complain that they had lost their employment at these works and had not got any portion of the royalty.

Mr. HITCHCOCK. The company unfortunately came to grief, the workmen were paid in full, and the company has not yet got out of its difficulties.

Mr. HEWITT. Was that a total loss to the stockholders?

Mr. HITCHCOCK. Not entirely. They are reorganizing now.

Mr. HEWITT. Will the stockholders ever get back their money in full?

Mr. HITCHCOCK. I do not know about that. I do not think they will.

Mr. HEROY. I merely want to correct a statement which Mr. Hitchcock made in reference to a combination. As the question was put to me, it was whether I knew of a combination that existed among the plate-glass manufacturers abroad for the control of the American market. I answered that I did not. But there was nothing said or understood in regard to any combination on this side. Mr. Hitchcock asserts that there is a combination on this side to control the market.

Mr. MCKINLEY. Is there such a combination?

Mr. HEROY. Not a special combination. It is merely an agreement that they will not sell plate-glass below a certain price; and the manufacturers are benefited by it.

STATEMENT OF MR. H. L. BODINE.

Mr. H. L. BODINE, of the Glass Manufacturers' Association, Philadelphia, next addressed the committee. He said:

Mr Chairman and Gentlemen: The American manufacturers of "unpolished cylinder window glass" appear to urge the reasons why the proposed reduction in duty will not only be destructive of their interests and of the labor employed, but injurious to the whole country.

Manufacturers have not been able to adjust their cost to that of imported glass since reduction in duty in July, 1883. Although the cost of materials is lower than ever before, the decreased duty has stimulated imports at less than the cost of making in the United States.

Manufacturers having lost money ever since the reduction, have been obliged to decrease product, so that a large number of furnaces are now idle, and the remaining are making but two-thirds product, the decrease averaging 45 per cent. of all capacity, while the imports have increased largely, and for the past two fiscal years, 1884, 1885, under the reduced rates of duty, were the largest ever known.

Further reduction in duty will render hopeless any adjustment of cost, and rapidly destroy the manufacture in this country, with the natural and inevitable results of higher cost to consumers for imported glass, unnecessary increase in revenue by larger imports, and 10,000 workmen of the country deprived of occupation.

The manufacture of window glass is now largely developed in, and is especially adapted to, the country. All materials required are found in abundance through large extent of our territory, including clay for pots, supplied largely from Missouri, and soda ash and sulphate of soda, which also are now produced in New York, Pennsylvania, Ohio, Illinois, and elsewhere.

The capacity of the present furnaces is greater than the consumption has ever been of American and foreign glass combined.

There are now in the United States 126 furnaces, distributed over fourteen States, viz:

East:	Furnaces.
Massachusetts	2
New York	15
New Jersey	25
Eastern Pennsylvania	8
Maryland	9
Delaware	2

West:	Furnaces.
Western Pennsylvania	34
West Virginia	2
Ohio	13
Indiana	4
Illinois	8
Missouri	2
Michigan	1
Wisconsin	1
Total East.....	61
Total West	65
Grand total.....	126

The product of these furnaces last year was 2,900,000 boxes. Had they all run the usual length of blast the product would have been 3,500,000 boxes, a surplus capacity, kept idle by importation of 960,000.

The necessity for protection against imported glass arises almost entirely from the difference in labor cost.

This difference is largely in the cost of unskilled labor employed indirectly in the preparation of materials and their delivery to the furnaces, as well as in the rates for skilled and unskilled workmen, directly employed by the manufacturers.

Manual labor, almost exclusively, must be used, both in the preparation of materials from their crude state, and in their manufacture into our product; about 80 per cent. of total cost being labor in preparing materials, converting them into metal, and finishing into window glass.

Our raw materials, consisting of sand, lime, coal, wood, lumber, clay, &c., represent in value, the labor employed in mining, or in cutting and transporting to furnaces: the value in their natural state being but one-tenth of their cost at furnaces.

These materials are embodied labor; being worked up by hand only into the metal ready for the finishing workmen, who then, with high degree of skill, without machinery to aid, and by very severe labor, convert the metal into merchantable window glass; thus, advancing the value of the materials from an average of about one cent per 100 pounds to from \$4 to \$5 per 100 pounds for the finished product.

Our competition with imported glass is mainly with Belgium.

The cost of labor in that country in 1883 (it is lower now) (per consul's statements in State Department Report on glass manufacture in Europe, No. 29, March 1883, pages 387, 388, 389) compares with prices here as follows:

	Average wages in Belgium.	Average wages in United States.
Day laborers.....per day..	*\$0 58	\$1.35 (2½ times greater).
Assistant to blowers.....per month..	} 25 00	\$62 (2½ times greater).
Assistant to flatteners.....do..		
Shearers, smiths, &c.....do..		
Blowers.....do..		
Flatteners.....do..	70 00	\$105 (1½ times greater).
Cutters.....do..	35 00	\$105 (3 times greater).
	28 00	\$84 (3 times greater).

* Three francs.

The whole labor employed, skilled and unskilled, averaging 150 per cent. higher (2½ times) in the United States.

As, therefore, the materials for manufacturing window glass all exist in the United States, is it not desirable they should be utilized, and our workmen employed? And as laborers here are, and are desired to be, on a different plane as to comforts, education, and ability to improve their condition, and must therefore be paid from 100 to 200 per cent. more than in the countries with which we must compete, is it possible to continue the manufacture without a duty to overcome the difference in such labor cost?

The higher labor cost, while the main reason for duty required on window glass, is not the only one.

Higher rates of interest here; large concentration of business abroad from centuries of growth, greatly diminishing the general expenses; the ability and disposition to do an extra and foreign trade at less profit than could be afforded or is necessary in the home market, together with the preference from prejudice or from old customs by which architects specify, and many customers desire as a luxury, foreign made goods, all unite to require higher degree of protection to American manufacturers.

But this necessary protection to manufacturers and the workmen they employ does not require customers to pay higher prices than our comparative conditions justify, and, in fact, it is found by reason of the developed manufacture and resultant competition that prices of window glass are not, and were before the reduction in duty in 1883, lower than under the old tariff of 1846 to 1860 of 15 per cent. ad valorem.

This result could reasonably be expected. Foreign manufacturers and the American importers naturally secure for their goods such prices as demand and supply permit.

Since the manufacture has been developed in this country the competition has naturally drawn prices to a very much lower range.

A recent instance of this, and the results certain to flow from American manufacturers being compelled to stop by reduction in duty, are seen in the fact that when in 1883 the American manufacturers were compelled to endeavor to reduce the cost of skilled labor from the prices prevailing in the preceding three years of extraordinary activity in all business, the stoppage of furnaces in the United States, diminishing the supply, greatly advanced the price of imported glass, and proved too much for the benevolent principles of either foreign manufacturers or importers (who sometimes intimate their great craving for cheap glass in order to benefit the poor house-owner), and foreign manufacturers then advanced their prices from 76 per cent. discount from their list price, making 24 net, to 50 per cent. discount, equal to 50 per cent. net—an advance of over 100 per cent.—while importers also increased their profits largely.

The real cost of window glass in a workman's house, so frequently alluded to by the importers, is as follows:

For good mechanics' houses, 12 windows (many have not half so much):

1½ boxes 8x10 glass, at present price \$1.75 (or less), \$2.62, the interest on which amounts to 15 cents per year, or 1¼ cents per month to offset against thousands of workmen given employment, besides the fact that American competition has made the cost less than when duty was 15 per cent. ad valorem.

The present capacity of the window-glass furnaces in the United States is 3,500,000 boxes per annum—(1,100 pots, averaging 80 boxes weekly for forty weeks' blast).

The consumption of window glass for the fiscal year ending June 30, 1882 (the largest ever known), was

	Boxes.
American	2,450,000
Imported	950,000
Total	3,400,000

The capacity of American furnaces being 100,000 boxes in excess of this largest consumption of both imported and American glass, the product being made among 14 States, the output of 27 different concerns, is it not certain that consumers will be amply protected by this competition?

The imports amounting to 28 per cent. of the whole consumption, while American manufactures have surplus capacity, shows the *present rate of duty not high enough* to prevent serious competition with foreign glass.

The duty on window glass in the bill now under consideration by the Ways and Means Committee makes a reduction of from one-fourth to one-half cent per pound, averaging about 20 cents per box of 50 feet, and about 20 per cent. from present rate of duty.

The proposed reduction follows closely on that made in 1883 of one-eighth cent per pound, besides assessments now on an arbitrary, instead of, as before, on the actual weight.

The reduction of duty in 1883, from an average of 2¼ cents per pound on the difference between 53 pounds actual and 50 pounds arbitrary weight, amounted to—

Three pounds, at 2¼ cents, equal to 6¾ cents per box. Besides the reduction in the rate of ½ cent per pound on 50 pounds, as now assessed, 6¼ cents per box made the total reduction, under act of 1883, 13 cents per box.

The duties before June 30, 1883 (per report of Commissioner of Statistics), for the years 1873 to 1883, both inclusive, varied from the equivalent of 37 to 76 per cent., averaging 55 per cent. ad valorem.

Under the present law, from July 1, 1883, to July 1, 1885, the duties (per report of Bureau of Statistics on Foreign Commerce, &c., of the United States for 1885, page 609) averaged 72 per cent. ad valorem.

If to the invoice cost of glass (averaging 3 cents per pound from 1883 to 1885) is added the cost of boxes, which are an extra charge of from one to four francs each, the total cost abroad would average about 3.5 cents per pound; the duty under the present act averaging 2.15 cents per pound, would make the actual present ad valorem rate 61 per cent.

Importers' statements have been circulated claiming to show a much higher equivalent ad valorem rate. As the figures above are from the report of the Bureau of

Statistics, which are compiled from the sworn statements of the importers all over the country, and not special cases, they seem as reliable data as are accessible.

The equivalent ad valorem rate of present duty on window glass is largely affected by the present low price of imported glass, forced down by American competition.

The same rate of duty which equaled an ad valorem rate of 76 per cent. in 1882 and 1883, when glass averaged a cost of 3.1 cents per pound, amounted in 1873 and 1874, when glass averaged 5.3 cents per pound, to but 37 per cent. ad valorem.

When glass is sold at the average cost per importers' invoices for 11 years, from 1873 to 1883, of 3.9 cents per pound, the present duty would amount to 55 per cent. ad valorem.

These statements certainly show, in view of the difference in foreign labor cost, that the *duties cannot be reduced without destroying the business* and large investments of the manufacturers, depriving laborers of employment and land owners of a market for their materials.

The only result of such reduced duties would be, first, after vain endeavor to adjust their cost, abandonment of the manufacture; then, under operation of the laws of trade, increased demand and higher price for imported glass, to the benefit only of the foreign manufacturer and a few importers, and to the injury alike of consumers, workmen, and manufacturers.

This injury would be permanent, for no manufacturer would find encouragement to resume by the advanced foreign selling prices, because their rate to meet American competition could and would be quickly reduced, as now, below the cost of production here.

That the proposed reduction in duty will only result in destroyed manufacture is still further evident from the proven inability of manufacturers to adjust their cost to the reduction made in 1883.

Every effort to this end has been made with the result of loss each year since to all manufacturers, so that the number of idle furnaces is increasing.

From these facts it seems clearly shown that the old rates of duty should be restored as the lowest which are consistent with our labor cost, or the least profit to manufacturers, or with the continuance of American competition which secures lowest prices to consumers.

All the statements now made are from actual personal knowledge or official records, and will be proven in detail if questioned by any.

Mr. MILLS. Tell us about the effect of labor in France as compared with ours.

Mr. BODINE. The best answer I can make to that is this: That it may be naturally expected that in any industry which had been prosecuted for centuries, manufacturers would have attained a greater degree of perfection than where it had been only prosecuted for a few decades. But the fact remains that while part of the French glass is superior to part of the American glass, one-third of the best production of American glass is better than that which is imported.

Mr. HISCOCK. Is it true that a man produces more in this country than on the other side?

Mr. BODINE. It is true that glass workers in America do produce a little more than in Europe, but not much more. In this country the hours of labor for glass-blowers are eight. There they are ten or eleven. There, too, they work for more months in the year than we do in this country, probably on account of the difference in climate.

Mr. MILLS. Does a laborer over there produce as much work as a laborer here in your business?

Mr. BODINE. Yes, but he works more hours to do it. As I say, the glass-blowers here work eight hours, and there they work ten or eleven hours.

Mr. MCKINLEY. You stated to Mr. Mills that workmen in the glass industry on this side, working eight hours a day, accomplish as much work as men on the other side working ten or eleven hours a day?

Mr. BODINE. Yes.

Mr. MCKINLEY. I want to ask you whether on the other side they do not make more boxes of glass in a week than we do on our side?

Mr. BODINE. Perhaps a little more, because they do work longer hours.

STATEMENT OF S. J. BACHE.

Mr. S. J. BACHE said:

Mr. Chairman and Gentlemen: We do not come here prepared with papers and statistics, but we are here to listen and to give information. I cannot understand what our friends, the manufacturers of American window glass, can bring forward to oppose so moderate a reduction of duty as about 15 per cent. in the present exorbitant rate of duty on glass. They do not plead the infancy act. They are not infants. Window glass has been manufactured in this country for over two centuries, and the manufacture of window glass has been prosperous under an ad valorem duty

of 15 per cent. The window-glass manufacturers are spoiled children. They have had the sweets and candies of the business to a large extent. The people of the United States have paid them a subsidy to an immense amount during the last 25 years. And if the duty, according to the statistics which you have got from Mr. Bodine, has averaged within those years the whole cost of the glass (from 72 per cent. to 100 per cent.), it shows that they have had a great deal of protection, and it is only surprising that so much foreign glass can come into this country as does come. But why does it come? Because it is the curse of too much protection that manufacturers do not use their ingenuity to better their goods. No; they only want to make a large quantity irrespective of quality. As to the taste of the people, it is improving. They want a better glass; they want a glass that they can look through. The foreign glass is used for photographic purposes. Notwithstanding the immense protection which American glass manufacturers have, they have not improved the quality of their goods, and they have had plenty of time to do so, because it is not a new industry. My friend, Mr. Bodine, said, among other things, that a reduction in the rate of duty would increase the price to the consumer, and that prices would be much higher hereafter than they are at present. If that were his conviction, he would be here to ask for a much larger reduction of duty than the bill proposes. But the American glass manufacturers are complaining to-day that they cannot realize the cost of production. The object of a merchant is to get the best price he can for his goods; and if that object can be accomplished by a reduction of duty, Mr. Bodine ought to be one of the first to advocate it. But demand and supply regulate prices. If the duty on glass is lower the people of the United States will get glass at less price, and the tax on light and sunshine will be reduced. That cannot be gainsaid. I do not see what there is in the nature of common window glass (an article of common necessity, as necessary to human comfort as food or clothing) that it should be subject to a tax of 70 or 80 per cent. I say that it is certainly one of those articles which should come in as cheaply as possible, because it is a necessity to the poorest man. Every log cabin must have its window. Therefore I say that the moderate reduction of 15 per cent., as proposed in this bill, is no more than just. I do not speak in the name of foreign manufacturers, but in the name of the people who consume the glass and who cannot do without it. Therefore I hope the reduction will be made.

According to the report of the Commissioner of Statistics, Bureau of Commerce and Navigation, which was made from sworn statement of importers, the amount of imports and duties from 1873 to 1883, both inclusive, were as follows, which is about 25 per cent. of the total consumption of window-glass in the United States:

June 30—	Quantity.	Dutiable value.	Average value per pound.	Amount of duty.	Average ad valorem rate of duty.
	<i>Pounds.</i>				<i>Per cent.</i>
1873	47, 141, 656	\$2, 475, 507	\$0. 053	\$914, 618	37
1874	39, 864, 779	2, 141, 136	. 054	787, 014	37
1875	34, 202, 373	1, 645, 745	. 048	714, 688	43. 5
1876	28, 837, 119	1, 322, 017	. 046	651, 139	49. 25
1877	24, 929, 437	1, 027, 592	. 041	585, 295	56. 9
1878	23, 053, 752	801, 237	. 035	534, 611	66. 72
1879	20, 689, 861	652, 840	. 032	487, 323	74. 65
1880	43, 949, 851	1, 405, 976	. 032	973, 630	69. 25
1881	45, 562, 697	1, 425, 360	. 031	999, 065	70. 11
1882	49, 301, 674	1, 454, 833	. 030	1, 114, 165	76. 59
1883	50, 947, 890	1, 582, 469	. 031	1, 146, 669	72. 46
Total	408, 481, 089	15, 934, 712	. 039	8, 908, 217	55. 90
Average	37, 134, 644	1, 448, 610	. 039	809, 838	55. 90

See Report Commissioner of Statistics, Bureau of Commerce and Navigation for 1875, page 736, for 1873, 1874, 1875. See report for 1877, page 568, for 1876 and 1877. See Treasury report, Bureau Statistics, document 45, page 100; document 194, page 100. See Report Bureau of Statistics for 1884, on imported merchandise, pages 109, 110.

Equivalent ad valorem rate of duty (including and excluding boxes) on imports (1884 and 1885) of cylinder window-glass under tariff of 1883.

Twelve months ending June 30—	Quantity.	Dutiable value.	Average value per pound.	Amount of duty.	Average ad valorem rate of duty.
1884.	<i>Pounds.</i>				<i>Per ct.</i>
Bureau of Statistics report.....	77, 924, 668	\$2, 417, 728	\$0. 031	\$1, 669, 548	69. 05
Boxes and envelopes added.....	77, 924, 668	2, 846, 153	. 037	1, 669, 548	58. 66
1885.					
Bureau of Statistics report.....	59, 936, 007	1, 701, 337	. 028	1, 293, 877	76. 05
Boxes and envelopes added.....	59, 936, 007	2, 032, 953	. 034	1, 293, 877	63. 65
1884 and 1885 united, first two years under tariff 1883.					
Bureau of Statistics report.....	137, 860, 675	4, 119, 065	. 030	2, 963, 425	71. 94
Boxes and envelopes added.....	137, 860, 675	4, 879, 106	. 035	2, 963, 425	60. 74

AMALGAMATED ASSOCIATION.

STATEMENT OF MR. WILLIAM WEIHE.

WASHINGTON, D. C., *March 12, 1886.*

Mr. WILLIAM WEIHE, of Pittsburgh, boiler and puddler, addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: We are here this morning, representatives of American workers from various iron mills of the country. Since the agitation of this matter before the committee many persons have expressed opinions on the subject which have alarmed the workers to a considerable extent. The workers have discussed the subject at their meetings, in the mills, and at their homes. They are under the impression that, during the last few years, a large amount of iron has been imported into this country which ought to have been made here by the men who are now idle and who have been idle. If that iron had been made here, these men could have got work by which they could have maintained their families. For this reason they have come, through their representatives, to present their views to this committee.

A number of mills throughout the Ohio Valley and Pennsylvania and farther west are idle to-day and have been idle, and there is no prospect of work for them at present. If this measure becomes a law, it is not expected that these mills will start again at any time. Therefore we have come to give our views as workmen upon this question.

During the last year the importations of iron have been very great. At one time in the year—from July till December—the mills of this country were working; but since the agitation of the question before this committee, many of the mills are, to a certain extent, idle, and a great number of them that have been working are now working only half time. We believe that if this measure becomes a law this forced idleness on the part of workmen will increase, and for that reason we come to ask you to give the matter due consideration, and not to make any change in the iron and steel schedule. The workingmen at this time are receiving a bare livelihood; but, if their wages are to be still further reduced, they will not get a livelihood. The wages that they are paid now merely keep body and soul together. Therefore they believe that it is right and just that they should enter their protest here for the welfare of themselves and their families. I know a number of mills where the men are idle on account of the agitation of this question. In those cases their families are suffering, and therefore the men believe that we ought to enter their protest in such a way as that the committee will fully understand it, and give to it that consideration which is due to these men and their families. I know that even in the city of Pittsburgh the people there have been talking on this question since it has been before Congress, and they believe that, so soon as the fact is made known that there will be no change in the tariff on steel and iron, business will revive and become as active as it was during the last months of 1885.

Ever since 1883 there has been considerable suffering in the trade; but for the last few months of 1885 the trade had revived a little. We believe that it is our duty to give the committee the information it desires, and that the committee will help us out, so that we will be able to get a fair day's wages for a fair day's work. There are a number of men on the committee of workmen who will give you full information as to the importation of pig-iron and scrap, which information is in direct competition with home labor, because, if that iron were manufactured here, the amount of work would be largely increased and the families of the workingmen would be in better condition. I hope the committee will give us due consideration on this question. Other delegates from the workingmen will give you further explanations as to what they think about this measure; and in that way you will see that we are in the right in making our protest against the passage of the measure now before this committee.

Mr. MCKINLEY. What organization do you represent?

Mr. WEIHE. The Amalgamated Association of Iron and Steel Workers.

Mr. MCKINLEY. What is the number of workers in that association?

Mr. WEIHE. The association represents from seventy thousand to eighty thousand workmen.

Mr. McKINLEY. In what States?

Mr. WEIHE. In various States of the Union—Pennsylvania, Ohio, Indiana, Virginia, Kentucky, Missouri, Illinois, and various other States.

Mr. BRECKINRIDGE, of Kentucky. Are the same wages paid to the same classes of laborers in these various States, or are there variations in the wages paid?

Mr. WEIHE. West of the Alleghany Mountains the wages are alike to the different branches.

Mr. BRECKINRIDGE, of Kentucky. For instance, a puddler gets the same wherever he may work west of the Alleghany Mountains?

Mr. WEIHE. Yes. We have a scale of prices that is governed by the selling price of iron. This scale is signed annually by the manufacturers and a committee of workmen; and it governs prices from the 1st of June until the following June.

Mr. BRECKINRIDGE, of Kentucky. Are the wages east of the Alleghany Mountains the same to the same classes of workmen?

Mr. WEIHE. No, sir; not quite.

Mr. BRECKINRIDGE, of Kentucky. In different localities there are different wages paid for the same work?

Mr. WEIHE. Yes; east of the Alleghanies.

Mr. BRECKINRIDGE, of Kentucky. Has your association ever gathered statistics to see whether the cost of living west of the Alleghanies is equivalent at the various places where laborers work?

Mr. WEIHE. I believe it is a little higher west of the Alleghanies than east of the Alleghanies.

Mr. BRECKINRIDGE, of Kentucky. How is it as to various places west of the Alleghanies? For instance, is the cost of living in Pittsburgh the same as the cost of living in Missouri or Kentucky?

Mr. WEIHE. I believe it is about equivalent.

Mr. BRECKINRIDGE, of Arkansas. Are the wages paid to the same classes of workmen west of the Alleghanies greater or less than the wages paid east of the Alleghanies?

Mr. WEIHE. They are greater.

Mr. BRECKINRIDGE, of Arkansas. How much higher are they west of the Alleghanies than east of the Alleghanies?

Mr. WEIHE. Take puddling, for instance; west of the Alleghanies a puddler is paid \$5 a ton.

Mr. BRECKINRIDGE, of Arkansas. And east of the Alleghanies, how much is he paid?

Mr. WEIHE. It varies from \$3 to \$3.80 a ton.

Mr. BRECKINRIDGE, of Arkansas. And that is true as to the general average of wages on both sides of the Alleghanies?

Mr. WEIHE. Yes.

The CHAIRMAN. What effect did the tariff of 1883 have upon your people in reducing wages?

Mr. WEIHE. For the year 1883 our scale of prices had been agreed upon before the tariff law became effective. We held the wages for that year; but in the following year, 1884, there was a reduction of 10 per cent. The scale of 1883 ran up to June, 1884, and then it was reduced 10 per cent.

The CHAIRMAN. I suppose you know that since the reduction of duties in the tariff bill of 1883 there has been less importation of iron and steel into this country than there was before?

Mr. WEIHE. The production of the country perhaps was greater, and there may not have been activity in business requiring so much importation.

The CHAIRMAN. It is a fact, however; and we thought that if we made another reduction of duties there would be a further reduction in the importations, making more work for you. [Laughter.]

Mr. WEIHE. There was not so much labor for us from 1883 to 1885, ending July 1, 1885.

The CHAIRMAN. That falling off in labor was not caused by increased importations, because the importations have been less; and two or more such reductions of duty as were made in 1883 might cause importations to fall off still more.

Mr. WEIHE. Do you mean to say that another reduction of duty would cause importations to be still less?

The CHAIRMAN. No; I do not say that such a reduction as was made in 1883 might lessen importations.

Mr. WEIHE. Do you mean a reduction on the tariff or a reduction in wages?

The CHAIRMAN. On the tariff. I say that a reduction of the rates of duty in the tariff of 1883 was followed by a reduction in the importation of iron, and that another such reduction might bring still less importation. But I am not serious in the argu-

ment. I suppose that the reduction of importations was on account of the condition of the country. I will be candid about that. I suppose it was due to the general depression of business. I do not suppose that it came about on account of what was done in the tariff, at least not all of it. But that was a fact.

Mr. WEIHE. If business had been as in years before, men would have gone to work, but there was a depression in trade. Of course, there may have been orders left previous to the reduction of the tariff, which orders were filled after that time.

The CHAIRMAN. And another reduction would have the same effect—that is, if you had another reduction when there was a depression in trade, and when there was what people call hard times, then the importations would continue to be less. Whereas if there was an increase in the tariff, and we had a boom in business causing a demand for foreign iron, there would be an increased importation even though the duties were higher.

Mr. WEIHE. I do not think that the price of iron could go lower than it is at present. The manufacturers have been selling iron at a very low price for two or three years; and as wages are governed by the prices of iron, I think we have certainly reached the limit.

The CHAIRMAN. Agriculturists also have been selling their products at reduced prices. In wheat and corn there has been a greater falling off in prices even than in iron.

Mr. WEIHE. The iron manufacturers cannot sell at much less than the iron has cost them.

The CHAIRMAN. But the same thing is true of those who produce wheat, corn, and bread.

Mr. WEIHE. If the importation of iron increases and the competition from foreign countries becomes stronger, American iron manufacturers will have to close their mills or to sell iron at a loss.

The CHAIRMAN. Yes. The argument cuts all round. Some men have to give up their farms because they can make nothing out of them. What is true in regard to the shop is true in regard to the farm.

Mr. WEIHE. We want to help all we can the American citizen and the American workman.

Mr. MCKINLEY. And as long as you have employment you buy the farmers' bread?

Mr. WEIHE. Yes. And we are willing that he shall have a fair price for it.

Mr. BRECKINRIDGE, of Arkansas. What is the judgment of your association as to the causes of the continued decline in the price of iron during the last few years?

Mr. WEIHE. Strong competition.

Mr. BRECKINRIDGE, of Kentucky. You do not think that it arises from any diminution in the use of iron—any stopping, for instance, in the building of railroads?

Mr. WEIHE. That may be.

Mr. BRECKINRIDGE, of Kentucky. Is it due in any manner to the development of new mines by which iron ore can be got at smaller cost, or improved mechanical appliances?

Mr. WEIHE. Of course railroads are the great iron consumer. If there is good business, and if the crops are good, railroads will extend and then iron and steel men will get plenty of work. We always find that with good crops and the extension of railroads the iron trade is very fair.

Mr. BRECKINRIDGE, of Kentucky. The crop of last year was in many respects a good crop, and yet railroads do not extend their business; what is the reason of that?

Mr. WEIHE. There is a certain competition, of course, among iron-mills. There are so many mills and they all want a chance to sell.

Mr. BRECKINRIDGE, of Kentucky. But the competition does not reduce the price if the production is a little bit less than the demand.

Mr. WEIHE. Of course there are quite a number of mills; and machinery has been invented which has improved the system considerably and has thrown manual labor out. But that manual labor drops into something else. Still the production is the same. If some mills have large orders for a month or two they go to work and fill them. Other mills have no orders, but they go on making stock. Then if the market is overdone the people who have stock on hand will reduce their prices, and the parties who want iron will not pay higher prices.

Mr. BRECKINRIDGE, of Arkansas. To increase the tariff duties on iron would not increase the price of iron, would it, if the amount of the iron demanded was so much smaller than the amount of production as not to keep the mills of the country at work?

Mr. WEIHE. I cannot say just exactly how that would work, but I believe that if the duties on iron were left as they are the people interested in the business would be perfectly satisfied, the manufacturers would have confidence, and those who consume iron would not suppose that they were going to get it for less than the present prices and would say that they might as well buy it now and build their railroads or whatever else they needed. In that way the business would be re-established.

COMMUNICATION FROM THE AMALGAMATED ASSOCIATION OF IRON AND STEEL WORKERS.

Mr. MARTIN, of Pittsburgh, secretary of the Amalgamated Association of Iron and Steel Workers, presented and read to the committee the following communication:

[National Lodge Amalgamated Association of Iron and Steel Workers of the United States and Canada, general office No. 514 Smithfield street.]

PITTSBURGH, PA., *March 10, 1886.*

Gentlemen, as you have very kindly set this day for the hearing of the workingmen's views on the proposed tariff revision, we, a committee representing the iron and steel workers of this country, beg leave to submit the following on behalf of from 70,000 to 80,000 workmen we represent, men who labor in four hundred odd iron and steel rolling mills of the country, and whose wages, we mean good living wages, largely depend upon the imposing of such a tariff as will enable their employers, the iron and steel manufacturers, to compete with foreign products of like manufacture.

We are unalterably opposed to any revision of the present tariff except such revision as tends to higher rates than now obtained, and from ad valorem to specific duties.

We believe in encouraging, in every possible way, at all times and in all places, American industries, and the purchase and use of American products in preference to imported goods.

As iron and steel workers it is our experience that any tariff agitation tending to lower tariff duties depresses the trade, stagnates business, and causes idleness of thousands of honest men, who would otherwise be employed; and it is a positive fact that a reduction of tariff duties is followed by a reduction in the wages of the men we represent.

We have said that a reduction in the tariff is followed by a reduction in wages. This is absolutely true, for though we for two years after the last reduction of tariff duties prevented a reduction in our wages, we did suffer a reduction of 10 per cent. in wages last year. Among the many arguments used by the manufacturers in favor of the same was that of keen competition from abroad owing to a reduction in tariff duties.

While some of you gentlemen may not credit it, the fact remains that orders have fallen off to an alarming extent. Works have closed down in whole or in part, and a very large number of men are in enforced idleness, owing to the unsettled condition of the iron and steel trade, consequent upon the present tariff agitation. Last fall a partial boom set in, and mills in different parts of the country that had been idle for months resumed operations, which since the present tariff agitation began have again closed down.

Nipping a little off tariff duties year after year will ultimately end in free trade, a consummation that the iron and steel workers are unequivocally opposed to, as that would mean the closing down of our mills and the starting up of the immense iron producing establishments of Great Britain that have been idle for years and are anxious for a chance to perform labor for this country that our working people and enterprising capitalists are fully able and competent and willing to perform for themselves.

We say such a consummation would close our mills, and it would do so unless our workingmen in the mills would agree to work for wages as low and beggarly as those paid for similar work abroad, a condition of affairs which our people, irrespective of party affiliations, will strenuously oppose.

Trades and labor organizations in this country have refrained from political action as organizations, but if the tendency to fritter away the bulwark which has so far enabled the members to maintain good wages is continually agitated, they will, perforce, be compelled to take political action with a view to protecting themselves and their trade.

In conclusion, we desire to enter our solemn and vigorous protest against the enactment of any measure that will ultimately reduce the wages of our people and jeopardize our industries.

Such of our committee as have been selected for that purpose will now make verbal statements, and answer any questions that your committee may desire to ask.

Respectfully submitted.

WILLIAM WEIHE.
R. L. MARTIN.
ANDREW STEWART.
JNO. GEARING.
M. J. McANDREWS.
ROGER EVANS.
THOS. P. JONES.

WILLIAM MARTIN.
SAMUEL S. WAITNEIGHT.
PHILIP WEAVER.
THOS. WILLIAMS.
PHILIP HAGAN.
J. C. BULLOCK.

Hon. WILLIAM R. MORRISON AND THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

PETITION FROM THE TRADES ASSEMBLY OF WESTERN PENNSYLVANIA.

Mr. MARTIN also presented the following petition:

Hon. W. A. MORRISON AND COMMITTEE WAYS AND MEANS,
Washington, D. C.:

Your petitioners, the Trades Assembly of Western Pennsylvania, at a regular meeting held in Pittsburgh, on the 6th day of March, 1886, unanimously resolved to set forth to your honorable bodies the conclusion of said assembly that the frequent efforts to change the tariff schedules have had a most injurious effect upon the interests of the thousands of constituents of the members of this assembly; that the bill for the revision of the tariff, now in committee, is disturbing business, and that such essays on national economics, crude and experimental as they are, should be promptly discouraged by your honorable bodies, and measures taken to substitute for this recurring evil such systematic tariff revision as would be the consideration of a methodically formed bill at intervals of not less than five years.

RICHARD ENNIS,
President,
STEPHEN MADDEN,
L. P. HORAN,
PATRICK CLAREY,
CONRAD AUTH,
T. J. DICUS,
Committee.

Attest:

L. E. GLEFFER,
Secretary.

[SEAL.]

STATEMENT OF MR. ANDREW STEWART.

Mr. ANDREW STEWART, of Allegheny City, puddler, addressed the committee. He said:

I would ask for information from Mr. Kelley as to when Mr. George M. Dallas was Vice-President of the United States, and in what year the tariff was under discussion in Congress while George M. Dallas was Vice-President?

Mr. KELLEY. You refer to the tariff of 1846, which took effect in 1847. It repealed the tariff of 1842, which took effect in 1843.

Mr. STEWART. I believe it was a tie vote in the Senate, and that Mr. Dallas gave the casting vote.

Mr. KELLEY. On one stage of the bill. If he had cast his vote the other way, the bill would have been "nipped in the bud," as the phrase is; but he stimulated it a little by that vote, and the bill got through.

Mr. STEWART. Well, I remember that, in the following two years, almost every iron-mill in the United States closed up. For two years following the reduction of duties by that tariff bill the grass grew on the floors of the mills in Pittsburgh. Like results come from like causes. Now we, who have been in the business, know from experience that every reduction in the tariff is a reduction in our wages, and not only a reduction in our wages, but in the wages of the mass of workmen in the United States. Every man knows who has followed the iron trade, as I have done, that when our wages go down, the wages of all other men go down, and depression and want are caused. Therefore we say that it is for our benefit that the tariff shall not be reduced at present, but rather that the duties shall be put up, if possible.

Mr. KELLEY. How long have you been engaged in iron making?

Mr. STEWART. Over thirty years.

Mr. KELLEY. Your experience is, from what you have said, invariably that a general reduction of wages follows a reduction of the tariff?

Mr. STEWART. It is invariable. That is a plain fact.

Mr. KELLEY. Are you a native of this country?

Mr. STEWART. No, sir; I am not; but I am nearly as good as a native. My knowledge of the old country is very slight. I do not know anything about the old country.

Mr. BRECKINRIDGE, of Arkansas. Do you know what was the effect on the general industries of this country of the tariff reduction of 1846?

Mr. STEWART. Yes; the mills stood idle and the grass grew on the floors of the mills. Not a mill ran in Pittsburgh for two years, to the best of my recollection.

Mr. BRECKINRIDGE, of Arkansas. Do you know that the increase in the manufacturing industries of the country was much greater between 1850 and 1860 than it was between 1870 and 1880?

Mr. STEWART. I have no doubt of it. Manufactures are always on the increase. We know that when the tariff was reduced, that reduction threw our men idle and gave employment to European labor. The European manufacturers can undersell us, principally because their wages are lower than ours, and we know that the reduction of the tariff means a reduction of our wages to the prices paid in Europe for the same kind of work. And we believe further that that is the motto of the men who are trying to reduce the tariff.

Mr. BRECKINRIDGE, of Arkansas. Do you know that this country increased far more rapidly in wealth between 1850 and 1860 than it has done since?

Mr. STEWART. Yes. I know that when we were working under a prohibitory tariff the prosperity of the country increased more than ever.

Mr. MCKINLEY. Mr. Breckinridge is talking of the tariff of 1846.

Mr. STEWART. The tariff of 1846 raised the duties.

Mr. MCKINLEY. No; it reduced duties.

Mr. KELLEY. The tariff of 1842 raised duties and the tariff of 1846 reduced them.

Mr. STEWART. It was the tariff of 1846 which caused the mills to stop. We had a prohibitory tariff not many years ago. The prohibitory tariff came in force when our currency depreciated. Our currency depreciated until European products could not be sold in our markets; and look at the result. We developed the country in every branch of industry; and I believe to-day that if the American industries were as well protected now as they were during the war, under a depreciated currency, the same results would follow.

Mr. BRECKINRIDGE, of Arkansas. The facts are very much against you, so far as the general wealth is concerned.

Mr. MCKINLEY. That is an open question which we can discuss later on.

Mr. BRECKINRIDGE, of Arkansas. Statistics show very clearly that the increase of national wealth between 1850 and 1860 was double as great relatively as between the tariff of 1861 and the present time.

Mr. HISCOCK. I have heard that statement before.

Mr. BRECKINRIDGE, of Arkansas. And never refuted.

Mr. HISCOCK. Very clearly refuted.

Mr. REED. I never heard it so stated.

Mr. BRECKINRIDGE, of Arkansas. If the rate of increase during 1850 and 1860 had been maintained the wealth of the country now would be \$80,000,000,000.

Mr. REED. Without any war?

Mr. BRECKINRIDGE, of Arkansas. Yes, of course; while at present it is worth \$36,000,000,000.

Mr. REED. Of course the war was not an element worth taking into account?

Mr. BRECKINRIDGE, of Arkansas. Of course it was worth taking into account.

Mr. REED. Where do you get those statistics?

Mr. BRECKINRIDGE, of Arkansas. I will show them to you.

Mr. KELLEY. Just at that point the question arises whether from 1850 to 1860 we did not mine in this country eleven hundred millions of gold, and whether the gold from Australia did not, with ours, inflate the money and the prices of the world. As you are proposing to attribute everything to the tariff, I want you to consider those two facts.

Mr. BRECKINRIDGE, of Kentucky. Your idea is that when things are going down the decline is to be attributed to something else than the tariff; but when things are going up the advance is to be attributed to the tariff.

Mr. KELLEY. I say we did contrive to dig from the earth eleven hundred millions of gold, and that when 1857 came we could not find enough of it to enable the banks of the country to redeem their five-dollar notes. Then we went into a suspension of specie payments, and never got back again until long after the war.

Mr. STEWART. I remember that winter very well. There were five months and two weeks in that year that I never did a stroke of work.

Mr. BRECKINRIDGE, of Arkansas. We were in free intercourse and exchange with foreign nations during the time this circulating medium was being added to the world's wealth; but [to Mr. Stewart] the policy which I believe you advocate now is to prevent foreign importations.

Mr. STEWART. Yes.

Mr. BRECKINRIDGE, of Arkansas. As the policy which would be good for the working classes?

Mr. STEWART. For the interest of workingmen, capitalists, and all classes of people in the United States.

Mr. BRECKINRIDGE, of Arkansas. We have in the present condition of things a very good consummation of a protracted continuation of that policy. Do you know of any other nation that has disturbed systematically commerce and intercourse with other nations?

Mr. STEWART. I know very well that England tried to establish a free-trade policy. She did so—and look at her condition. Last week there were fifty thousand men idle in the city of London, and ten thousand men idle in the city of Birmingham.

Mr. BRECKINRIDGE, of Arkansas. You know very well that whatever may be the present suffering in England her laboring men get a good deal more for a day's work than do the laboring men in the protected countries of the Continent near by, and, moreover, the food which the English workingmen buy and the articles entering into their daily consumption come to them free of duty and considerably cheaper than the like commodities cost the people in France, Germany, and Italy, who get less wages. The English workman is in a far better condition than the laboring men of the countries on the Continent, where they have adopted the fallacious policy of protection. You have a very fair illustration of what a protracted continuation may do in the case of China. The policy of China has been against foreign intercourse, and the condition of the laboring men in China furnishes a very good illustration of what the condition of the laboring men in America would be under the Chinese policy of prohibition of intercourse with other parts of the world.

Mr. KELLEY (to Mr. Breckinridge, of Arkansas). As you have substituted yourself for the witness, permit me to ask you a single question. That is, whether the cheapness of food in England is of advantage to the many hundreds of thousands of workingmen who are without work, without employment, and without means of buying even an oatcake. How does the cheap food affect them beneficially?

Mr. BRECKINRIDGE, of Arkansas. I will answer your question in this way: Of what advantage is the higher food and clothing in the adjacent protected countries to the people who are getting far less for their wages than the working people of England get? When you have answered that question you will find an answer to your own question.

Mr. KELLEY. People who have steady work at low wages are better off than people who have no work in a country of nominally high wages.

Mr. BRECKINRIDGE, of Arkansas. Do you apply that to Pennsylvania?

Mr. KELLEY. Pennsylvania is not one of the States on the Continent to which you were comparing England. I have seen for myself the difference of the comforts of home of the French, the German, the Belgian, and the Swiss laborers (who have work at very low wages) in comparison with the thousands and tens of thousands whose laboring districts I visited in England, where there is a normal standard of high wages and a small percentage of people having work to do.

Mr. BRECKINRIDGE, of Arkansas. Do you mean to say that an employer in England pays his laboring men any more than he has to pay them?

Mr. KELLEY. Not a bit.

Mr. BRECKINRIDGE, of Arkansas. How comes it then that plenty of men are begging for work in England and yet that the laboring men have higher wages there than they have in France and Germany?

Mr. KELLEY. If my friend, Mr. Hewitt, were here he would tell the committee, as he told the people in his speech, that the salvation of the British laboring people was in the fact that the laws of Great Britain had recognized trades unions and had given them to the laboring people as a fortress.

Mr. STEWART (to Mr. Breckinridge, of Arkansas). If you want me to answer your question as to the Chinese policy I think I can do it. When we come down to the Chinese customs and carry everything on our head, then we will come to the same system and our wages may come to the same ratio as the Chinese. We have genius; the Chinaman has not. Look at this country to-day and thirty years ago. What is the difference in the output of our industries now as compared with thirty years ago? The output is double, and in some instances three times as great as it was. Our genius lifts the country up and gives work to every man. We do not live on rice, as the Chinaman, nor on oat-meal, like the Irishman. Every country that England has free trade with she ruins. Take Ireland for instance. England went there and beggared that nation with free trade, leaving her only a little item in the linen trade. She went to France and she beggared France. She went to Italy and I do not recollect how many hand-looms were thrown out of employment by her steam-looms and by her steam-mills. She went to Russia and she beggared Russia. Then Russia adopted a protective-tariff policy, and ten years from that time she had built herself up to become a great nation and to be in a condition to fight the combined forces of France, England, Turkey, and Sardinia.

Mr. BRECKINRIDGE, of Kentucky. What is the present condition of other classes of

workmen in your region of country besides those who belong to your association? Are they in a contented state, getting good wages, and living on good terms with their employers?

Mr. STEWART. No, sir; they are not. They are not quite satisfied, and that is one cause for so many labor associations. You will find, if you look closely at the labor movements, that those organizations have spread more in the last year than they had done in ten years. They are taking into consideration that the workingmen are not getting wages enough. They are taking into consideration the fact that the laws of the United States are not made in the interest of labor, but in the interest of capital. Therefore they are organizing. They are going to give you gentlemen a chance to say whether you will help them through; and I believe that if you do not do it there will be a movement started by them to do it themselves through the ballot-box. That is the sentiment which is prevailing among them.

Mr. BRECKINRIDGE, of Kentucky. Then it is true that within the last two or three years there has been a great increase of labor organizations.

Mr. STEWART. Yes.

Mr. BRECKINRIDGE, of Kentucky. They have grown both in the number of organizations and in the number of members who belong to the different organizations?

Mr. STEWART. Yes.

Mr. BRECKINRIDGE, of Kentucky. And now there is a very large number of organizations, and a very great number of members in each organization?

Mr. STEWART. Yes.

Mr. BRECKINRIDGE, of Kentucky. And for the past few months there has been quite a number either of strikes or arbitrations, trying to readjust the relations between employers and employes. I believe that is true, is it not?

Mr. STEWART. That is correct.

Mr. BRECKINRIDGE, of Kentucky. All this has not grown out, has it, of the reduction or the increase of duty made in the tariff of 1883; or is it your judgment that it has grown out of it?

Mr. STEWART. It is because of the laws being always made for the oppression of the workingman. In every law, whether State or Congressional, fairness to the workingman has been ignored, although laws have been passed which on their face appear to be plausible and good. I will give you an illustration. There was a law passed in the State of Pennsylvania called the "screen law." The coal operators had to put up a screen and run coal over the screen, and the men were to get so much for the coal mined; but the Legislature forgot to put a penalty clause into that law, and it was of no account.

Mr. BRECKINRIDGE, of Kentucky. Then the labor of this country has more complaints besides the mere increase or reduction of the tariff duties?

Mr. STEWART. The reduction of the tariff has been the sole motive and origin of this whole movement. The men see now (as our president has told you) that when the tariff is reduced wages come down. This tariff agitation was gotten up last December. It was known then that an effort would be made to reduce the tariff, and consequently the mills shut down.

Mr. BRECKINRIDGE, of Kentucky. Have all these societies organized and increased their membership in number since the 1st of December?

Mr. STEWART. They have not all organized since then; but they have been increasing in membership since then.

Mr. BRECKINRIDGE, of Kentucky. Is it not true that before the 1st of December and before the commencement of this tariff agitation there had been an increasing number of these organizations and an increasing number in their membership?

Mr. STEWART. Not to any extent compared to what it has been since the tariff agitation began.

Mr. BRECKINRIDGE, of Kentucky. Can you fix the date? When did the Knights of Labor become an organization?

Mr. STEWART. I believe the Knights of Labor have been organized about ten years.

Mr. BRECKINRIDGE, of Kentucky. When was your organization formed?

Mr. STEWART. Our old organization, called "Sons of Vulcan," was organized in 1858.

Mr. BRECKINRIDGE, of Kentucky. When was it amalgamated?

Mr. STEWART. Seventeenth of June, 1876.

Mr. BRECKINRIDGE, of Kentucky. Have there been any strikes that you know of in any branch of labor during last winter?

Mr. STEWART. Not in our organization.

Mr. BRECKINRIDGE, of Kentucky. Or in any organization?

Mr. STEWART. Yes; look at the strikes of the present day among the Knights of Labor.

Mr. BRECKINRIDGE, of Kentucky. Was there any strike last summer among the miners or the coke-burners?

Mr. STEWART. Certainly. That is just the point. I wanted to get you there. They allow the mine owners to import contract labor. There should be a bill to prohibit the importation of contract labor.

Mr. BRECKINRIDGE, of Kentucky. Are there any contract laborers imported into any of the coke and mining regions of Pennsylvania that you know of?

Mr. STEWART. I cannot say that I am positively acquainted with the fact; but, from reading in the public newspapers, I can say yes.

Mr. BRECKINRIDGE, of Kentucky. About when was this importation of contract labor made?

Mr. STEWART. I have read that, no later than since the Hungarian strike was organized in the coke region, Mr. Frick & Co. imported a new gang from the city of New York to take the place of the Hungarians.

Mr. MCKINLEY. Imported them under contract?

Mr. STEWART. That is what I cannot get at; but I believe so. I believe they have some men now there who went there under contract, and are going to sue Frick & Co. for damages.

Mr. BRECKINRIDGE, of Kentucky. Were these Hungarians imported by contract?

Mr. STEWART. I am not prepared to answer that. I do not know.

Mr. BRECKINRIDGE, of Arkansas. You know that there is a law against the importation of contract laborers?

Mr. STEWART. Yes; but they fix things so that we cannot reach them, and we have not money enough to push indictments.

The CHAIRMAN. What is your age?

Mr. STEWART. I am fifty-two years of age.

The CHAIRMAN. Then you were quite young when the grass grew on the floors of these mills at Pittsburgh?

Mr. STEWART. Yes; I was a great deal younger than I am now.

The CHAIRMAN. That is forty years ago.

Mr. STEWART. Yes. I was about twelve years of age then.

The CHAIRMAN. Were you born in this country?

Mr. STEWART. No.

The CHAIRMAN. What age were you when you came to this country?

Mr. STEWART. I cannot exactly say. I mistook my age. I am of North of Ireland parents, who were not very well schooled; they could read, but they could not write, and I have got to take my age from an aunt who has been in this country about fifty years. Last summer my oldest daughter paid her a visit and I gave her special instructions to ask my age, and my aunt said I was about fifty-two years of age.

The CHAIRMAN. My ancestry were from the same place, but I had aunts in the country longer ago than that. You have noticed this great uprising of the railroad workingmen out West?

Mr. STEWART. Yes.

The CHAIRMAN. Did the raising or reducing of the tariff have anything to do with that?

Mr. STEWART. As a common center around which everything revolves, I believe that the tariff bill is one of the causes of the reduction of wages.

The CHAIRMAN. But the wages paid in railroad business are quite as high, are they not, as the wages paid in manufacturing industries?

Mr. STEWART. I do not know. I am not prepared to answer that. I do not know what railroad men get.

STATEMENT OF MR. JOHN GEARING.

Mr. JOHN GEARING, of Pittsburgh, hoop-roller, next addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: As the gentlemen who have just spoken have expressed my views thoroughly in regard to this matter, it is not necessary for me to go over the subject, but I am prepared to answer any questions that any member of the committee may ask.

Mr. KELLEY. You indorse what those other gentlemen have said?

Mr. GEARING. Yes; they have expressed my views exactly, and there is no use in my going over the same ground again.

Mr. KELLEY. What is your branch of the business?

Mr. GEARING. I am a hoop-roller by occupation.

Mr. KELLEY. How long have you been engaged in iron mills and works?

Mr. GEARING. Since I was twelve years of age.

Mr. KELLEY. And how old are you now?

Mr. GEARING. Forty years.

Mr. KELLEY. Then that work has been your life mission?

Mr. GEARING. Yes.

Mr. KELLEY. And you indorse all that has been said by the other men?

Mr. GEARING. Yes.

Mr. BRECKINRIDGE, of Kentucky. What is your average wages?

Mr. GEARING. It is pretty hard to get at that. For the last two years I have had little employment.

Mr. BRECKINRIDGE, of Kentucky. From the 1st of January, 1885, to the 1st of January, 1886, what was your average time of work and your average wages?

Mr. GEARING. I was employed about one-fourth the time during that year, and my average wages ran from \$5 to \$6 a day after I had paid the expenses of my assistant.

Mr. BRECKINRIDGE, of Kentucky. You get a certain amount for your work, and you pay your help?

Mr. GEARING. Yes. Some days I may do well and some days may not make anything.

Mr. BRECKINRIDGE, of Kentucky. But you would say that for the year 1885 you realized, say, \$5 a day for one fourth of the year?

Mr. GEARING. Five dollars and \$6 a day. That would be fully as much as I was employed. I had been making cotton-ties previous to 1883.

Mr. KELLEY. But you have not been making any since?

Mr. GEARING. We were making some last fall.

The CHAIRMAN. The duty on cotton-ties was not reduced in 1883.

Mr. MCKINLEY. We claim that the duty on cotton-ties was reduced.

The CHAIRMAN. I do not care what you claim. I know it was not. The duty put on them was the same as before.

Mr. MCKINLEY. Cotton-ties had been coming in, under the Treasury rulings, at 35 per cent. ad valorem, and that is the rate that was put on in the tariff bill of 1883.

The CHAIRMAN. Yes. So before and after 1883 they paid the same duty.

Mr. MCKINLEY. But the law was not the same.

Mr. BRECKINRIDGE, of Kentucky (to Mr. Gearing). For the year 1884, commencing on the 1st of January, running to the 1st of January, 1885, what was your average time of employment and your wages?

Mr. GEARING. Since 1883 the part of the works that I have been employed in has not been running more than one-third time. That part of the works is not running at all now, and I have nothing to do. We were employed principally in making barrel hoops. We made a good deal of them for the Standard Oil Company, but of late it seems that that company is importing its hoop-iron altogether. I understand that that company has placed a very large order abroad without even asking the figures from the firm in which I am employed or from any other firm, and the result is that we have nothing to do in that department of the mill.

Mr. BRECKINRIDGE, of Kentucky. What was the reduction in the tariff on the article which you have been manufacturing for the Standard Oil Company?

Mr. GEARING. I am not prepared to say what the reduction was, but certainly it must have been enough to allow the work to be done cheaper abroad than we could do it.

Mr. BRECKINRIDGE, of Kentucky. Has there been any reduction of duties on that article for the last seven or eight years; and, if so, what?

Mr. GEARING. There may not have been any reduction in the duty, but there may have been some kind of evading the law and not paying the duty which the law required.

Mr. MCKINLEY. Until the Treasury Department held that cotton-ties (as manufactures of iron) could be imported at 35 per cent. ad valorem, you had been employed?

Mr. GEARING. Yes. Our mill had a capacity of from 80 to 100 tons of that iron every day. Over a thousand men and boys were employed there five or six years, and scarcely ever lost a day.

Mr. MCKINLEY. After that construction was given to the law, importations of cotton-ties increased from the other side, and then followed the diminished employment at your mill?

Mr. GEARING. Yes; and the works have been lying idle since, or very nearly so.

Mr. BRECKINRIDGE, of Kentucky. Under that law of 1883 the duty on cotton-ties was precisely the same as before.

Mr. MCKINLEY. The same as it was under the construction of the Secretary.

Mr. BRECKINRIDGE, of Kentucky. When was that construction of the Secretary made?

Mr. MCKINLEY. About 1879 or 1880.

Mr. GEARING. I do not recollect exactly the date, but it was 1880 I suppose.

Mr. BRECKINRIDGE, of Kentucky. Did you have full work up to that time?

Mr. GEARING. The whole time up till about 1880. But it has been dwindling ever since. It ran pretty well up to the last two years, but during the last two years we have been doing very little.

Mr. BRECKINRIDGE, of Kentucky. You ran well up to January, 1884?

Mr. GEARING. Up to 1883.

Mr. BRECKINRIDGE, of Kentucky. Up to 1883 you ran very well (that would be three years), and since then you have worked only one-third or one-fourth time?

Mr. GEARING. Yes. One part of the mill seems to have been doing better, but in the hoop and cotton-tie business we are doing hardly anything. The puddling department, which is making merchants' iron and other shapes of iron, is doing better, but the cotton-tie and hoop-iron department is scarcely doing anything.

Mr. MCKINLEY. You have lost that trade practically since the 35 per cent. duty went into effect?

Mr. GEARING. Yes.

Mr. BRECKINRIDGE, of Kentucky. What was the duty before?

Mr. MCKINLEY. The duty was $1\frac{1}{2}$ cents a pound when the iron was cut into lengths and holes punched in the end; then it came in at 35 per cent. ad valorem under the basket clause of "other manufactures of iron not provided for." The importers took advantage of that and brought in these cotton-ties as manufactured articles, and their position was sustained by the Secretary of the Treasury. Afterward, in the tariff bill of 1883, was put in the commercial designation of "cotton-ties 35 per cent. ad valorem," leaving the hoop iron I believe as it was.

Mr. KELLEY. The effort was made on the one hand to restore the duty on cotton-ties to what it had been before the Secretary's decision, but the friends of that measure I think were not strong enough.

Mr. MCKINLEY. My recollection is that we did change it in the House, but the provision was struck out in the Senate.

The CHAIRMAN. You had to have a Senator's vote for your bill, and you could not get it without the cotton-tie provision, and thereupon you proceeded to get it by levying the duty at 35 per cent.

Mr. MCKINLEY. I am not aware of any deal or purchase in the matter. Certainly I would not be engaged in a purchase which permitted the cotton-tie trade to be lost to this country.

Mr. McMILLIN (to Mr. Gearing). You spoke of your irregular employment in the last four years. I wish to ask you, as a practical workingman, which is best, a moderate, steady, rate of wages, that gives employment all the time, or that kind of spasmodic employment which pays \$4 or \$5 or \$6 a day, but only gives employment for one-fourth or two-fifths of the time?

Mr. GEARING. When I say that that would be my wages, I ought to add that there are other men employed under me who do not get one-fourth of that wages, and who are earning only from \$1.10 to \$1.50 a day, and working for 12 hours. If these men got any less pay I do not see how they could live. It is a question of how they have been living now. They scarcely see any money when their rent and store-bills are paid. That is the way all through Pittsburgh in the cotton-tie and hoop-iron business.

Mr. McMILLIN. Then you would hold that a moderate rate of wages, which gives employment all the time, would be better than any uncertain or spasmodic system of wages which keeps a man out of employment two-thirds or three-fourths of the time?

Mr. GEARING. If our wages had been paid as they had been previous to 1880, and if the works had continued as they had been running previous to that time we would have been all satisfied. The changes made since that time have been the cause of the depression, and the change that is now being agitated has caused the present depression.

Mr. McMILLIN. You said that you have been out of employment three-fourths of the time for the last three or four years?

Mr. GEARING. But I stated also that from the 1st of January this year we had been doing better than before.

Mr. McMILLIN. And yet the same rate of taxation has existed?

Mr. GEARING. Yes, in some departments of the trade.

Mr. McMILLIN. In all of them?

Mr. GEARING. No, sir.

Mr. McMILLIN. What changes have been made in the tariff law since then?

Mr. GEARING. Excuse me, I did not understand you. I was referring to changes in wages.

Mr. BRECKINRIDGE, of Kentucky. During the last three or four years, while labor has been in the condition you have described, has there been any change in the cost of

living in Pittsburgh—for instance, in the rents of houses? Have they gone up or gone down?

Mr. GEARING. I think that rents are as high to-day as they have been within the last ten years.

Mr. BRECKINRIDGE, of Kentucky. How is it as to clothing; is the cost about the same?

Mr. GEARING. I do not know. So far as clothing is concerned it may be a little cheaper, but very little.

Mr. BRECKINRIDGE, of Kentucky. Not enough to make any appreciable difference?

Mr. GEARING. No, sir.

Mr. BRECKINRIDGE, of Kentucky. How is it as to breadstuffs?

Mr. GEARING. The necessities of life, I think, are fully as dear as they have been.

Mr. BRECKINRIDGE, of Kentucky. Do you think that, during the last three or four years, it has cost you about as much to live as it cost you between 1875 and 1881?

Mr. GEARING. If you want to live as you ought to live, it certainly will cost you as much.

Mr. BRECKINRIDGE, of Kentucky. I mean living as you did then?

Mr. GEARING. Yes. When a man has got no employment, he cannot spend money.

Mr. BRECKINRIDGE, of Kentucky. But if you lived now as you did then, it has cost you as much to live between 1881 and 1886 as between 1876 and 1881?

Mr. GEARING. Yes. It may have been a little higher in the first period.

Mr. BRECKINRIDGE, of Kentucky. Has it been appreciably higher?

Mr. GEARING. I cannot say that it is a great deal higher. It may have been somewhat higher. That is a question that I did not come prepared to answer.

STATEMENT OF MR. THOMAS WILLIAMS.

Mr. THOMAS WILLIAMS, of Youngstown, Ohio, boiler and puddler, next addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: There is a party of us here from Youngstown in connection with those gentlemen who have spoken from Pittsburgh. We are members of the association. Each one of us is also a representative of the general workingmen of our valley and our vicinity. We were appointed to come here at a general meeting of the citizens, and were directed to oppose the bill now before this committee. We are here for that purpose, and we want to say (and to say with all the emphasis that we can put into it, because we believe that it is true even if we should disagree with some gentlemen present) that any reduction of the present duties, especially on the articles in which we are interested, or in fact on any articles in the tariff, or on any branch of the protected industries of this country, should not be even suggested. We want to protest against any such reduction. I will say, just as the president and secretary of our association have said, that it has been our experience that whenever there has been a reduction in the tariff (in fact whenever the matter has been agitated, even though it has not passed the House or even though it has not got into the House), it has had a depressing effect, especially on the iron and steel industries of the country.

As workingmen and citizens we think that we are entitled at least to some consideration in the matter. We are not going to make any great speeches, but we want if possible to convince the gentlemen of this committee who will have to report on this matter that those who are in favor of this bill are mistaken. We think that if this reduction in the tariff occurs it will have a very serious effect on part of our industries. As we look upon it, it will injure our blast furnaces and will injure the department of the mills in which I am employed—that is, the puddling or boiling department. We say that we believe the American people should be protected, and that they should do the manufacturing which has to be done for this country. I find that last year pretty nearly thirty million dollars' worth of iron and steel of all kinds was imported into this country. We believe that the American workingman (I not only refer to the iron and steel workers of the country, but to the men who work at the blast furnaces, to the men engaged in mining ore, to the men who get out our coal, and to the men who are employed in the transportation of those different articles) will be deeply injured if you pass this measure; and I believe that you will also destroy to a large extent the power of the manufacturers of the country to pay us the wages which we have been getting. As American citizens we cannot be compelled to exist upon what the working people of England or France or other European countries exist on. We have a right to expect something different. The people of this country have made the country just what it is; and in a very great measure, the workingmen have made it what it is, although some of you may take exception to that statement, for I understand that some gentlemen of this

committee say that we must come to the level of labor in Europe. That idea is something which we must protest against.

The CHAIRMAN. What member of the committee says that?

Mr. WILLIAMS. I will not mention names, but I understand that that has been said.

Mr. BRECKINRIDGE, of Arkansas. You cannot mention that sort of thing and keep it under cover.

Mr. WILLIAMS. I think I must be permitted to do it as part of my rights.

Mr. BRECKINRIDGE, of Arkansas. You cannot do it with propriety.

Mr. WILLIAMS. I must differ with the gentleman. I say that I have understood that some gentleman of this committee has said (perhaps not in those words, but that is the idea) that the American people have got to come to that kind of thing.

Mr. McMILLIN. Please state who was your informant.

Mr. WILLIAMS. One of the gentlemen who is with me.

Mr. McMILLIN. Did he hear any member of this committee say so?

Mr. WILLIAMS. I believe so.

Mr. McMILLIN. Will you please say what member of the committee?

Mr. WILLIAMS. I think that is unnecessary.

Mr. McMILLIN. I should like it very much, because I think I would be justified in saying that the statement is false.

Mr. WILLIAMS. The gentleman who told me knows, of course, who said it; but I do not care to mention names.

Mr. BRECKINRIDGE, of Arkansas. Of course you can be the judge of what is proper, but we put upon you the responsibility of being that judge, and we protest against your stating anything of that kind.

Mr. WILLIAMS. If I have to answer the question, I will say that I understand that the chairman of this committee has made a statement implying (perhaps not in the exact language) that the American people cannot avoid it, and that they would have to come to this very thing.

The CHAIRMAN. That is not true, either in words or intendment, either by direction or indirection.

Mr. WILLIAMS. That is my information. The gentleman who gave it to me is a gentleman of veracity.

The CHAIRMAN. I know to whom you refer. I had a conversation yesterday evening in my room with Mr. Weihe and Mr. Martin, president and secretary of your organization, who are now present, and another gentleman from Youngstown, who called to see me about this hearing, in which I said that the present rates of wages could not be maintained always, while we were so near to Europe, and European laborers were allowed to come here at will, and by immigration to fill up our country. I said, and believe that as society grew older the wages on the other side might improve a little and ours get worse, unless we shut them out or built a wall against them, and that even then our condition would get worse when our society was old, our lands taken up, and our people crowded upon each other as they do in old worn-out countries. Now, the idea of making me or any other member of the committee say any such a thing as Mr. Williams has stated is a mistake, a perversion of facts.

Mr. WILLIAMS. Then I understand you to acknowledge that you made a statement which can bear that construction?

The CHAIRMAN. No, sir; nothing like it.

Mr. WILLIAMS. Well, that would be the construction that I would put upon it myself, I think.

The CHAIRMAN. You are at liberty to put your own construction upon it.

Mr. WILLIAMS. I was going to say, Mr. Chairman, that we protest against anything of the kind. Some of us have come across the Atlantic, leaving the land of our birth, and have come here with expectations that we were going to better our condition. We have bettered it in a great measure. But now there is a continual tinkering, if you please (perhaps that word expresses my idea), with the tariff. It is a continuous thing. Three years ago we had the same thing, and it is a continuous thing. There is no man in this country who likes high wages better than I do. I am one of the fellows who wish to make our employers give us all they possibly can. I am somewhat radical in that direction. I do not believe that the men who have got their capital invested in machinery for the manufacture of iron and steel will keep on at the business if this matter continues going on as it has been going. And I say in justice to American capitalists, and more especially in justice to the American workmen, that this thing must stop.

Mr. Chairman, some time last fall Mr. Manning, Secretary of the Treasury, sent out some circulars. In these circulars he asked for certain information on these questions; and among others of the associations to whom the circulars were sent was the lodge with which I am connected. Our lodge took action in the matter, and we asked Mr. Manning that he would advise certain things to Congress if in his power to do so—among them

several increases of duty on pig-iron, on scrap, on tin-plate, and on some other articles which it is not necessary to enumerate; and then we asked that every rate (where it was possible) should be made specific instead of ad valorem. And now we find that, instead of getting anything which we have not been permitted to have in the past, there is a proposition to reduce duties. It looks to me distinctly, as was said a good many years ago, "If a son shall ask bread, will you give him a stone, or if he ask a fish will you for a fish give him a serpent?" It occurs to me, gentlemen of the committee, that this bill is treating us in that way. We have asked for an increase, and we have asked (if we can not get an increase) that you leave the duties at least where they are. But you say through this bill, "No; we will not do that, but we will give you a reduction of duties." I have yet, gentlemen, to meet with a workingman who is willing to accept a reduction of wages. I have not found him anywhere. I do not care whether he is a skilled workman or a laboring man, they all say they should have better wages. And I certainly insist that, if you pass this measure or if you keep on agitating it, the result will be that next June, when the seventy or eighty thousand men whom we directly represent as members of the organization come to make up their yearly scale of prices running from June this year to June next year, the manufacturers will insist upon a reduction of prices and we will not be able to resist that reduction.

Now, we do not want this; and we ask at the hands of this committee that if they will not do anything else they will at least not recommend the passage of this bill. If the committee cannot give us what we ask for in the way of an increase of duties (an increase to which we think we are entitled), at least let it not do anything disastrous to us. We will get along if you leave us alone. The manufacturers and ourselves will fight our own battles. It is a family affair entirely. We imported nearly \$34,000,000 worth of iron last year which we should have manufactured ourselves. I never have been able to figure on this matter, but my belief is that if the amount of iron and steel which was imported here last year had been manufactured in this country, every workman connected with the blast furnaces and rolling mills, and those indirectly connected with them (such as carpenters, blacksmiths, shoemakers, and business men of all kinds) would have had a fairly prosperous year. As it was we had not. You have heard the statements that have been made in regard to wages, and my experience has been exactly the same.

STATEMENT OF MR. ROGER EVANS.

Mr. ROGER EVANS, of Youngstown, Ohio, roller, next addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: It would seem almost unnecessary for me to say anything after what my brother Williams has said. We come from the same locality. The same body of people who appointed him to come here appointed me also. I am sure he has expressed my sentiments, and I have no hope that I can clothe these same ideas and sentiments in as good language as he has done. This matter of tariff is something which for a few years I had become somewhat indifferent to. I thought there were other questions of importance in political economy which were worthy of my attention as a voter, and I rather quit voting with the party of professed tariff principles. But latterly I have become very much alarmed about this matter, and the people in my locality have become thoroughly alarmed about it, and especially on account of the provisions of the present bill; and we thought therefore it was incumbent upon us, as sensible people, to do all we could possibly to prevent its becoming a law. So the people of our locality came together to hold a mass-meeting, and they appointed a delegation of us to come down here and respectfully and emphatically to present before you gentlemen the great danger which we see in this bill, and to ask this committee not to recommend it to the House, and to ask those of you who may be opposed to it (if it be recommended to the House) to do what they can to have it defeated in the halls of legislation. We discover especially a great danger in those particulars of the bill relating to pig-iron and to scrap, and iron ore—particularly those things.

But on general principles we oppose the passage of this kind of legislation in this country. We know that our condition is better than that of laborers in foreign countries. We know that as a matter of fact. And just let me corroborate, and, if possible, emphasize the sentiment which has been expressed here by Mr. Williams. I wish to voice that sentiment in the interest of every man in America who earns his living by labor.

Gentlemen who have an important voice in influencing legislation have contrasted our working people with the degraded people who live under the monarchies across the water. Now, we think that is impudence. That is the least offensive term in which I can express the sentiment of the American workmen. We do not owe our

position to any gentleman in public life to-day. While we are willing to respect you as American citizens on account of your superior intelligence, we are under no obligation to any of you for being better off than workingmen across the water are. We enjoy those privileges through the goodness of God Almighty, and the patriotism of those noble-minded men who, in days gone by, have won them for us and bequeathed them to us. They are our heritage. I am afraid that Mr. Williams was very correct in diagnosing the sentiment contained in that expression in reference to American workingmen coming down to the level of the European workingmen. The same sentiment has been voiced by men in public standing and by public newspapers, and it fills me with alarm because that sentiment is full of danger to all of us. The New York Times has said that the authorities should use force against the workingmen. Now, it is a matter of public knowledge that workingmen all over the country are uneasy. They are rising up and demanding their rights. The New York Times says that the American working man must make up his mind that he is not so much better than the European laborer. Now, I tell you, gentlemen, that we are better than European laborers, and we are better because God in his goodness has cast our lot under more favorable conditions, and because George Washington and his compatriots offered their lives and fortunes as a sacrifice and bequeathed to us this exalted heritage. And now I warn you that it will not be bartered away. While we have exhibited a wonderful degree of patience and forbearance for years past, I think that the limit of patience and forbearance has been almost reached. There are certain classes of teachers who think it may be possible to force men into that condition, but they were never more mistaken than in thinking so. That power which failed to crush the patriots a hundred years ago, tried but failed to stamp out the desire of a better condition than existed then. It did, however, crush another bold and courageous spirit on that side of the ocean—Napoleon. They tried to crush us a second time, but they failed. They tried to nuproot this monument of civilization and progress, this grand American Republic. They thought it would go when we had civil war amongst ourselves. But that also failed, and I believe it is a fact that the aristocratic families and crowned heads of Europe are watching to obtain by the control of our markets that which they have hitherto failed to obtain by the force of arms, by the tomahawk and scalping-knife of the savage Indian. And now, by every means of vicious influence and instigation they think they will succeed in sowing the seeds of discontent among the working people of this country, and that we will destroy ourselves.

Now, do not make any mistake, you gentlemen who are after political honors, because, if you do, you will get snowed under. Any party in this country who takes up with this foreign aristocratic sentiment, of undermining, of degrading, and of debasing the American workmen, will be left, and will get completely snowed under the ballots of the American voters.

Now, that is what I wish to say. We have suffered already. Capital is very sensitive. We have gone through a period of depression for two years. As workingmen we have not been making a good living by any means. I do not think it is within the power of any force to compel American workingmen to submit peaceably to the condition which prevails in other countries. I do not think it is possible for American workingmen to be forced very much lower than they are. The tendency will be upwards. You say we get more than the English workingman does. We know we do; we get one and a half times more, and we are only getting half enough as it is.

Of course you must not gauge the American workingman by the amount of coarse bread and meat which will be necessary for him to subsist upon. Certainly not. It cannot be. The American workingman must have other things than those. He must be fed and clothed, and be able to maintain his family as becomes the dignity of an American citizen. He must have the means of doing it, and I tell you he will have them. He will have them in spite of all the forces of the organized powers on the face of the earth to-day. Now, I do not refer only to Pinkerton's detective force, nor to the militia, nor to the Army of the United States, nor to the combined armies of the world, because I think that I discover in this movement the hidden hand of that gigantic power across the water, that power which failed to crush American patriots a hundred years ago, which failed to stamp out the desire of a better condition of things which then existed.

We workingmen have been getting scarcely the necessaries of life; and I believe that capitalists all over the country have been suffering in the same manner as we have been—that is, that they have not had any profits in their business. But we have patiently borne with each other. We have waited and watched, and had come now to a time in the dawn of this new year when we had got, so to speak, a foretaste of better times. The first two months of this year were very much better than any two months in the previous year. But already we have discovered in this bill the principles of injury, and we have become alarmed, and we begin to suffer in consequence. We begin to suffer loss of work. We have begun to lose time. I have in my pocket a copy of the British Iron Monger, in which an article (referring to this bill and to the proposition to take the duty off pig iron, and off all the elements of

pig iron, such as iron ore and coal) says that there are to-day more than two and a half million tons of pig iron on the foreign coasts of Great Britain which can be landed in this country in four weeks. This has frightened American manufacturers and American workmen, and the result is that it has had a most demoralizing effect. I am not only speaking for myself as a worker in the boiling department, but also for the common laboring man, for the grocer, for the dry goods merchant, for the lawyer, the doctor, the butcher, and everybody in the community. The entire community rests upon us. Now, I ask you gentlemen, in the name of our grand American institutions, do not give American mechanics over to any foreign power. We as Americans demand the American markets for ourselves, and we will have them. We will have America for the Americans. In spite of any force or power on the face of the earth we will have it. For your own good, therefore, gentlemen, I advise you not to have this measure reported to the House. That is about all that I have to say.

Mr. BRECKENRIDGE, of Arkansas. There have been a good many strikes, I believe, among the laboring men in different industries during the last few weeks?

Mr. EVANS. Yes.

Mr. BRECKINRIDGE, of Arkansas. I suppose you have been reading the reports about those various strikes?

Mr. EVANS. I have been reading some of the public papers, as much as I could, in connection with my other reading.

Mr. BRECKINRIDGE, of Arkansas. You have paid attention to those strikes, I suppose, as a matter of interest?

Mr. EVANS. As a matter of very great interest.

Mr. BRECKINRIDGE, of Arkansas. Therefore, you are likely to be well informed on that subject?

Mr. EVANS. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. Those strikes, I believe, have generally been strikes on the part of the men demanding an increase of wages?

Mr. EVANS. In some instances demanding an increase of wages and a decrease in the number of hours, and also some other conditions calculated to better their position as workmen,

Mr. BRECKINRIDGE, of Arkansas. You remarked that the attention of the manufacturers has been especially called to this bill, which has been before the public for some time, and that the manufacturers were getting very much alarmed, and that the laboring men were getting very much alarmed. Yet, every one of those strikes, it seems, has been on the part of laboring men to increase their wages, or to diminish the hours of labor at the same wages?

Mr. EVANS. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. Which would indicate that the laboring men must have intelligence enough to see that this bill which came out coincident with these strikes, and which foretells an improvement in trade, will not have any effect in reducing their wages. The fact seems to be that no reduction of wages has been asked for; but, on the contrary, the men are demanding an increase of wages and a general improvement in their condition.

Mr. MCKINLEY. Were you serious when you said that this bill foretells an improvement in trade?

Mr. BRECKINRIDGE, of Arkansas. Are you serious when you ask me that question?

Mr. MCKINLEY. I am quite serious, and I want the witness to know whether you are serious in asking the question.

Mr. BRECKINRIDGE, of Arkansas. I would be glad for the witness to know whether you are serious.

Mr. MCKINLEY. I am serious.

Mr. BRECKINRIDGE, of Arkansas. You look serious. I want Mr. Evans to understand that this is a serious matter. I desired his attention called to these facts so that I might ask one or two other questions. [To Mr. Evans.] You speak of wages coming down. There are, I believe, two things in the matter of manufactures. One is the price which the manufacturer gets for the article, and the other is the cost of that article to him.

Mr. EVANS. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. Now the lower the cost of the product to him, and the higher the price, the bigger the profit. I believe that there is not to be found either in or out of the church, a citizen who is not very glad to put into his pocket all the profits he can get. Now, while it is to the interest of the manufacturer to depress your wages so as to increase his own profits, the contrary is your interest. Is that not the proper construction of the matter?

Mr. EVANS. No, sir; I think that the most directly interested person is not in America at all.

Mr. BRECKINRIDGE, of Arkansas. Well, we will talk of America here now. We will not talk about foreign countries, about which we are very apt to be mistaken. But

here, among yourselves, as it is in Ohio, every manufacturer is directly interested in getting his work cheap. Did your employer ever come to you and try to foree upon you more wages than he was paying you?

Mr. EVANS. No, sir.

Mr. BRECKINRIDGE, of Arkansas. Of course, your employer is the man who wishes you to work cheap; and do you not observe that there is ground for you to suspect that the very corner-stone of oppression of the labor of the country is to be found in that exaggerated form?

Mr. EVANS. No, sir.

Mr. BRECKINRIDGE, of Arkansas. Do you not see that there is a system adopted here which increases the selling price of the products of your labor (the products of your labor being held entirely by your employer), while there is a perfect free trade in the country on the part of the man who competes with you in your labor—which leads slowly to cutting down the price of labor here, and running up the price of labor on the other side? This of course (becoming excessive) stops consumption; and that, of course, stops production, and that stops your work and causes you to be out of employment sometimes three-fourths of the year. Do you not suspect that that system is a conspiracy against you? Do you never suspect that monopolies are overshadowing you with their centralized capital, and that those people whom you suspect of being governed by aristocracies are the farmers; while the wealthy people of the country who are employing you, and are interested in the productions of your labor, are really those whose interest it is to reduce your wages?

Mr. KELLEY. I move that the gentleman have leave to print his argument.

Mr. BRECKINRIDGE, of Arkansas. I am presenting these views to the witness. (To Mr. Evans.) Does it not occur to you that these are the gentlemen who are interested in coercing laboring men and bringing wages down to the level of pauper labor?

Mr. EVANS. No, sir; quite the reverse. We have met them as they are to-day, and they always acknowledge that at the time when they pay the highest wages they are making the greatest profits. In other words, the higher the wages the better the profits; and they are more willing to pay good wages than poor wages.

Mr. BRECKINRIDGE, of Arkansas. Do you believe that?

Mr. EVANS. To a large extent.

Mr. BRECKINRIDGE, of Arkansas. Do you believe that the more an article costs to make it the larger the profit to the manufacturer?

Mr. EVANS. Yes, sir; because the better are all the conditions. Every person is employed, and it is the result of universal activity by which we must all be materially benefited.

Mr. McMILLIN. Who imports this pauper labor, of which one of the gentlemen spoke?

Mr. EVANS. They are contemptible American citizens.

Mr. McMILLIN. I mean, what class of citizens are they by occupation?

Mr. EVANS. I do not know exactly.

Mr. McMILLIN. Are they manufacturers or are they mine-owners?

Mr. EVANS. Some of them are. We have a man in Pittsburgh who makes a business of importing and transferring them to particular contractors.

Mr. McMILLIN. Then, contractors co-operate with them in their importation of contract labor?

Mr. EVANS. Yes; I suppose that is true.

Mr. McMILLIN. And these are your employers?

Mr. EVANS. No, sir; they are middle agents.

Mr. McMILLIN. Do your employers assist them in the work by taking this pauper labor off their hands when they get it here? Do manufacturers or mine-owners do that, or not?

Mr. EVANS. You are interfering now, as Mr. Williams has said, in a family quarrel.

Mr. McMILLIN. I want the facts.

Mr. EVANS. We acknowledge that there are selfish men everywhere, and we know that we are unduly selfish ourselves sometimes. Labor organizations are sometimes unduly selfish; but I ask you, for pity's sake, to let us fight this battle out among ourselves.

Mr. McMILLIN. My question was this: What class of citizens is it that imports or hires this pauper labor that is brought here by contract, and against which we legislated last Congress?

Mr. EVANS. They are irresponsible parties who go to Europe and engage these people and bring them over here, and then turn them over to another party, who will in turn furnish them eventually.

Mr. McMILLIN. Who, eventually, takes them off his hands?

Mr. EVANS. That is an independent contractor in this country.

Mr. McMILLIN. Contractor for what?

Mr. EVANS. For pauper labor.

Mr. McMILLIN. What is his vocation? Is he a manufacturer or farmer?

Mr. EVANS. He has no vocation. He deals in those slaves.

Mr. McMILLIN. But what becomes of these paupers?

Mr. EVANS. They sometimes become tramps.

Mr. McMILLIN. One of the witnesses said that these pauper laborers are brought in competition with free laborers. Is that true or not?

Mr. EVANS. In some instances they are.

Mr. McMILLIN. With our American laborers?

Mr. EVANS. Yes.

Mr. McMILLIN. Who employs them in this competition?

Mr. EVANS. Sometimes contractors employ them.

Mr. McMILLIN. Contractors in what?

Mr. EVANS. In building railroads and in mining coal and working coke-yards and blast-furnaces.

Mr. BRECKINRIDGE, of Arkansas. Exactly—in protected industries.

Mr. McMILLIN (to Mr. Evans). I agree with you in the proposition that these laborers should not be brought here under contract. I think that that was wrong in the beginning, and I think that the last Congress did right when it prohibited the importation of contract labor. But I wanted to see who gains by it; who is it that is carrying on this traffic, which is worse than the slave trade?

Mr. EVANS. Two wrongs do not make a right. Your method of meeting one wrong is by perpetrating another.

Mr. McMILLIN. We passed laws last Congress to prevent the importation of contract labor. Was that law wrong?

Mr. EVANS. You are proposing to pass another law now which would make it unnecessary to import foreign labor, because you would import the products of that foreign labor.

Mr. McMILLIN. That is the question which we are here discussing now. Do you think that that system of tariff is right which places a higher tax upon sugar, which is used by the poor, than it does upon the wine that is drunk by the rich? Is that right or wrong?

Mr. EVANS. I am sure that I never came across a working man who found any difficulty in procuring all the sugar he wanted.

Mr. McMILLIN. You can procure everything if you have money; but do you say that that system is right or wrong?

Mr. EVANS. I say it is right.

Mr. McMILLIN. To place a higher duty upon sugar than upon wine?

Mr. EVANS. No; I would exclude wine altogether.

Mr. McMILLIN. Then that system of tariff which imposes a less duty upon wine than upon sugar is wrong, is it?

Mr. EVANS. As a system I believe in the protective system; and that is why we should have clear ideas about it and no half-way measures. As our printed document says, this continuous nibbling at it will eventually result in the free-trade system. We ask you to yield not one item. Let us have the protective system throughout in the interest of the entire American people—American manufactures for American people.

Mr. McMILLIN. I wanted your answer, in order to find out what system you favor.

Mr. EVANS. I favor a protective prohibitory system.

Mr. McMILLIN. Would you be in favor of putting an import duty on coffee in order to remove the taxes now placed on other matters?

Mr. EVANS. I would find other ways of obtaining all the coffee I would consume.

Mr. BRECKINRIDGE, of Arkansas. You would stop foreign importations entirely?

Mr. EVANS. Yes; where they interfered with American labor.

Mr. BRECKINRIDGE, of Arkansas. You would make it as prohibitory as possible all round?

Mr. EVANS. Yes; if it interfered in the remotest degree with American productions.

Mr. BRECKINRIDGE, of Arkansas. Then you would have us revolving around our own center—what you would call a condition of internal reciprocity; one contributing to the other?

Mr. EVANS. Yes, sir; and as we continued to revolve, our republican influence would be extended to the ends of the earth; but I would not have foreign influences coming here.

Mr. BRECKINRIDGE, of Arkansas. Then you would propose to draw off entirely from foreign commerce?

Mr. EVANS. Yes; if necessary to throw off bad European influences.

Mr. BRECKINRIDGE, of Arkansas. Your idea of internal consolidation is a good deal like a man getting fat by sucking blood out of the veins of his arm. Did you ever know a man getting fat in that way?

Mr. EVANS. No, sir.

Mr. BRECKINRIDGE, of Kentucky. You have a schedule of wages fixed on the first

of June for the succeeding year, which is agreed upon between you and the manufacturers?

Mr. EVANS. Yes. Hitherto it has been from the first of June; hereafter it will be from the first of July.

Mr. BRECKINRIDGE, of Kentucky. Please explain to me the calculations by which you reach that schedule—on what basis it is that you reach the wages? I ask simply for information. I want to know how it is that you, on the one side, and the manufacturer on the other side, get together and fix that schedule?

Mr. EVANS. You go back to a period a little back of my personal knowledge. I will give it to you as old workmen have given it to me. When this social step began (the best in the world among workmen, and the nearest approach to what is right in the relative remuneration of each) I believe that the way it was done was this: They took, for instance, the price of iron ore and coal, and then they took the average cost of pig iron for a great number of years, and then they took the retail selling price of iron for a number of years, and then they fixed upon fair rates, making concessions here, raising a little there, and lowering a little in another place, until they arrived at a fair, equitable method of determining the rate of wages. It works most admirably in our line of business, and does away with strikes and bad feeling.

Mr. BRECKINRIDGE, of Kentucky. You do not recollect, except in this general way, the items of how the calculation is made?

Mr. EVANS. No, sir; I cannot tell you just now.

Mr. BRECKINRIDGE, of Kentucky. And this scale of prices is revised every year?

Mr. EVANS. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. You go over it and ascertain what the cost of the various elements which go into the production is, and then you ascertain what is the fair relative share which labor ought to bear in that cost and to have in the profits made out of it?

Mr. EVANS. Yes.

Mr. BRECKINRIDGE, of Kentucky. And I suppose that that scale goes between some fixed limits?

Mr. EVANS. We have a minimum and a maximum.

Mr. BRECKINRIDGE, of Kentucky. On the one side you do not run the risk of getting nothing providing the factory makes no profit, and on the other side you do not go above a certain amount so as to have all the profits?

Mr. EVANS. No, sir. There is a minimum and a maximum limit to our scale.

Mr. BRECKINRIDGE, of Kentucky. Can you tell how long back it was that this scale was first adopted?

Mr. EVANS. In 1865.

Mr. BRECKINRIDGE, of Kentucky. Does it cover all the various branches of the particular industry represented here to-day—the amalgamated iron and steel laborers?

Mr. EVANS. Yes; except the unskilled labor; and it does indirectly apply to them, because whatever we get, whether a rise or a reduction, their pay always follows it.

Mr. BRECKINRIDGE, of Kentucky. These men whom you speak of as unskilled laborers are the laborers whom you yourself employ?

Mr. EVANS. No; I refer to the pick and shovel men and to outside laboring men.

Mr. KELLEY. Something has been said about the enormous tax on sugar. Have you ever known or heard of sugar selling so cheap in this country as it sold during the last year, and as it is now selling?

Mr. EVANS. No, sir; the largest merchant in our city, and probably in Northeastern Ohio, told me lately that sugar had not been so low in 50 years as it is now.

Mr. KELLEY. He might have said it never was so low. You stated that the capitalist, when the laborer was unemployed and was suffering with his family, also suffered in like manner?

Mr. EVANS. Yes.

Mr. KELLEY. Have you ever known a real solid capitalist who could not manage to get a good cup of coffee, fresh rolls, broiled mackerel, a link of sausage, a few eggs, or something of that kind for his breakfast in the morning?

Mr. EVANS. No, sir; not when he wished to have it.

Mr. KELLEY. Have you ever known the families of unemployed workmen who would have thanked God gratefully for such a breakfast?

Mr. EVANS. Yes, sir.

Mr. KELLEY. Can they get such things always.

Mr. EVANS. No, sir; not always.

Mr. KELLEY. Can they get them generally when they are without employment?

Mr. EVANS. No, sir; not when they are without employment.

Mr. KELLEY. When the head of the family is for a long time without employment, the family cannot get either breakfast or dinner?

Mr. EVANS. No, sir; they cannot. That has been my experience.

Mr. KELLEY. Then the two may suffer together, but not exactly in the same degree—the capitalist and the laborer?

Mr. EVANS. That is so.

Mr. BRECKINRIDGE, of Kentucky. Have you taken the trouble to make any inquiries as to the proportion of skilled laborers that come into this country by immigration, compared to mere manual laborers?

Mr. EVANS. No, sir; I never saw any figures; but my impression would be that the unskilled laborers had a preponderance.

Mr. BRECKINRIDGE, of Kentucky. Largely, I suppose?

Mr. EVANS. Yes.

Mr. BRECKINRIDGE, of Kentucky. I take it that the most dangerous element of competition which you have under a protective tariff (next to inventions, which make the appliances by which work is done so much more ready and powerful) is the immigration of skilled labor; and I thought that possibly you persons who had intelligent views on this subject had some statistics about it.

Mr. EVANS. We have none.

Mr. MCKINLEY. I ask you if the employers in the Mahoning Valley, which you represent, have brought in any contract labor to compete with your labor in that valley?

Mr. EVANS. No, sir.

STATEMENT OF MR. M. J. McANDREWS.

Mr. M. J. McANDREWS, of Youngstown, Ohio, boiler and puddler, next addressed the committee. He said:

Mr. Chairman, and Gentlemen of the Committee: I have not much to say to the committee. I am not a speech-maker; and after what has been said, I could not think of saying much more. However, I think I might say a word or two on the question of old rails and scrap. A duty of \$6.72 a ton is the present rate upon it; the new rates proposed is \$5.60, thus taking \$1.12 off the present duty. That is a direct blow at the branch of the business which is represented in the boiling or puddling department, because to each and every ton of scrap and old rails that comes into the country there are two of our men thrown idle for just one day. That is a very large item in our business. I would like to insist that that portion of the present tariff be left alone. Further than that I have not much to say, as the other gentlemen who have spoken have fully covered the ground, but I will answer any question.

STATEMENT OF MR. PHILIP HAGAN.

Mr. PHILIP HAGAN, of Youngstown, Ohio, puddler, next addressed the committee. He said:

Mr. Chairman and Gentlemen: This question has been gone over quite sufficiently. There has been quite a talk over it, and I am not posted in figures or statistics. I was born under a free-trade Government, and I believe that that free-trade Government deprived me of an education. The reason of that was that I had to go to work when I was 8 years of age; and I remember also my little brother going to work under that free-trade Government when he was 8 years of age. I remember well when there was a family of nine of us (including my father and mother), and when my wages for working in a mill were 10 cents per day. That was under a free-trade Government. Subsequently I went up higher there to five shillings a day, or \$1.25. That was about the limit I could reach—six and sixpence a day—and having to pay 60 cents out of that to my helper. Many members of this committee know all this just as well as I am stating it, and I am not going to detain you any longer; but I will state that as soon as my limited knowledge informed me that labor was protected in the United States I came here. I declared my intentions and I became a citizen of the United States. And now I have a family, and now I make regularly, when working, fourteen shillings a day. The produce on which I lived in England came mostly from the United States, and certainly I ought to get it as cheap here as in England. I worked for five shillings a day in England, and I get fourteen shillings a day here. Consequently I am able to send my children to school, and they are getting an education, which their father did not get under a free-trade Government. I want to see these children raised up and educated as citizens. I am in favor myself of a prohibitory tariff. I want that everything which we can make in the United States should be made here, and what we cannot make here I would allow to come in free.

Mr. McMILLIN. How long have you been in the United States?

Mr. HAGAN. I landed here in January, 1870.

STATEMENT OF MR. J. C. BULLOCK.

Mr. J. C. BULLOCK, of Bay View, Wisconsin, next addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: About all that I have got to say has been said by my fellow-workmen. I have nothing to add except to enter a protest against any further tinkering with the tariff bill, or with the tariff which protects me in making a livelihood. It is a question which we as workingmen have become deeply interested in, not only throughout the manufacturing districts where iron and steel are manufactured, but all through the country. The workingmen of the State of Wisconsin are becoming alarmed about this, and have discussed this question in their meetings. We have talked the matter over together at our family tables, and we are all aware that any further reduction of the tariff would work an injury to us. We would prefer to have the tariff remain as it is rather than have any clipping off or any reduction of duties in any manner.

While a prohibitory tariff would probably be to the best interests of certain industries, I would not favor its establishment; but I would favor a protection on everything which we can produce in America, whether it be got out of the mines, or raised upon our pasture-lands out west, or manufactured in mills, or dug out of the ground. I am in favor of protecting it and every industry alike, irrespective of what it be. As I am an iron worker, of course I am most nearly interested in the iron business.

During the past year we have done very little work, and consequently we have had to deprive ourselves of some of the luxuries of life. As a workingman I am desirous of educating my children and trying to benefit my condition, both financially and intellectually. I think that the workingmen deserve as good a living as the country can afford. I think that a workingman should have his house carpeted, and should have his children as well clad and educated as it is possible for them to be. All that we ask of this committee is that it will simply let the tariff remain as it is; and that will certainly bring prosperity in the business that we follow, and be to the interest of the country in general.

There are a number of our workingmen in the village of Bay View, Wis., who, during the past year, have not worked quarter time, in consequence of the depression in business. This depression we believe to be partly attributable to the reduction of duty on such things as scrap-iron or pig-iron. But let that be as it may, we do not wish to see this question dabbled with any more. We would prefer to see the duty remain as it is. If the duties cannot be raised upon the articles which we manufacture, or which we take a part in manufacturing, we would prefer that they should remain as they are; and we would ask your consideration of that matter, and your recommendation to that effect.

Mr. McMILLIN. You say that laborers in Bay View, Wis., have been out of employment three fourths of the time?

Mr. BULLOCK. Yes, sir.

Mr. McMILLIN. Are you satisfied with that economical situation which keeps you out of employment three-fourths of your time?

Mr. BULLOCK. No, sir; we are not satisfied. We claim that the tinkering with the tariff has somewhat to do with it. We do not claim that it has everything to do with it, but we look upon tinkering with the tariff as a part of the cause of our idleness.

Mr. McMILLIN. To what other causes do you attribute it?

Mr. BULLOCK. A part of it may be owing to the depression in all the industries of the country.

Mr. McMILLIN. Then tariff legislation, alone, cannot keep the laboring people employed all the time?

Mr. BULLOCK. Not if there is an overproduction of the articles which they produce. But I think that if industries are protected, our men will have more steady work than they now have. That is my opinion from past experience.

Mr. BRECKINRIDGE, of Arkansas. Do you not think that a revision of the tariff would be likely to give you more employment than you have now?

Mr. BULLOCK. I think that the revision of the tariff would cause us to have less work than we are now having.

Mr. BRECKINRIDGE, of Arkansas. You think that high rates of duties are more likely to give you increased employment?

Mr. BULLOCK. Yes. In my humble opinion that is the proper way to proceed.

Mr. BRECKINRIDGE, of Arkansas. I know that you are in a situation where you hear a good deal of bad talk from your employers, who are directly interested in reducing wages.

Mr. BULLOCK. Perhaps you are in the same position of hearing a good deal of bad talk in the other direction.

Mr. BRECKINRIDGE, of Kentucky. How old were you when you came to this country?

Mr. BULLOCK. Thirteen years of age.

Mr. BRECKINRIDGE, of Kentucky. And you came from where?

Mr. BULLOCK. From Wales.

STATEMENT OF MR. THOMAS P. JONES.

Mr. THOMAS P. JONES, of Chicago, iron and steel worker, next addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: I feel somewhat like my predecessors. I think that they have so thoroughly covered the ground on this question that they have left me very little to say. However, I may say (and in what I say I voice the sentiment of from 2,600 to 3,000 workingmen, young and old, employed in the same factory in which I am employed, or under the same employer) that we are totally opposed to any further tinkering with this tariff question. In reference to a suggestion made by Mr. Breckinridge to the effect that we are taught some very bad doctrines sometimes, I will say that that may be true; but we as workingmen look at this question from the standpoint of workingmen, believing that self-preservation is the first law of nature, and knowing (as history demonstrates) that there has not been a time in the history of this country, when the tariff has been tinkered with and reduced, that that has not caused a depression throughout the whole country and more or less of suffering among the producers of the country. And when I say producers I mean the working classes, for, so far as my knowledge goes and so far as I really believe, labor produces all things.

There is another thing which strikes me very forcibly, and that is this: I claim that our representatives in Congress have no right to make our situation worse than it is. Now I must say that I do not believe that the honorable gentleman at the head of this table intended to convey the impression which his language did convey. I do not believe that there is a gentleman in this room who would desire to bring the free laboring man of America down to a level with the pauper laborers of Europe.

The CHAIRMAN. The only mistake about that is, that my language conveyed no such idea.

Mr. JONES. I will not say that it did. I believe that there is not a gentleman in this room who would so express himself, or who feels in that way, whether he would express it or not.

Mr. KELLEY. I want to say in connection with what you are saying, and for the benefit of those gentlemen who are here and whose intelligence has commanded my admiration, that I am the oldest member of this committee. I have been here since 1868. I have been in the freest of friendly and confidential intercourse with the present chairman of the committee throughout his whole Congressional life; and I want to say that I agree with you in what you state, that I believe him to be utterly incapable of having entertained the idea that was ascribed to him.

Mr. JONES. So do I.

Mr. KELLEY. I believe that he has honestly held to the doctrine that his line of policy would improve the country, just as I hold to the doctrine that mine would; and we are at two opposite sides of the globe.

Mr. JONES. I believe that a man has a right to his own opinion in this free country, and that he has a further right to express his opinion either publicly or privately. If you keep on lopping off here and there, taking protection first off this thing and then off that thing, the ultimate end aimed at is certainly free trade, and nothing else. I had the misfortune to be born in a free-trade country, and I was raised there in a sort of way; certainly to my loss. I never received any education.

Mr. BRECKINRIDGE, of Kentucky. How old were you when you came to America?

Mr. JONES. I came to this country in 1862. If I live till the 24th of March my age will be sixty. I came to this country to better my condition, and I am happy to say that I have bettered my condition. I have made more wages than I ever made in the old country. A workingman in this country, if he takes care of himself and keeps himself respectable, is (at least among some classes of people) respected. But what I want to impress upon you gentlemen is this: You were certainly elected by your constituents (if I understand it) to come here to legislate for the best interests of the country at large. We as workingmen claim that we are the power that sent you here; and, claiming that, we do not look up to you as we were taught to look up to our lords and dukes across the water, but we look up to you as honorable, upright American citizens, qualified and capable to come here and legislate for the best interests of the country. It has been shown here to-day, and, as I think, very clearly, that this tinkering with the tariff is not for the best interests of the country; is not for the best interests of the wealth-producers—of the men who have built up this

country. Then, gentlemen, I take it that it is your duty to throw this bill to the dogs. I certainly do not stand to dictate to you altogether in this matter, but I will assure you this far: that there is a school of education among the working people in this country, and that if this tinkering of the tariff is allowed to proceed; if you will, in spite of our remonstrances, go on destroying our interests and shutting up the industries of the country, our working people will be ere long sufficiently educated to step forth and say, "Gentlemen, thus far shall you go, and no farther." We will elect men and send them here to legislate for our interests if you will not do so. We have the power, gentlemen, and you know it. Laborers in this country were never so cemented as they are to-day. One of the principal things which has helped us to that is this very bill which the honorable chairman has brought before this committee. Where I live, in Chicago, you would be surprised to see the feeling that exists among the working classes. And why? Because some of the people there worked in this country in free-trade times. I have a brother-in-law who, in free-trade times, traveled to his work six miles in the morning, getting there at sunup, worked all day and walked home at sundown, and all for a paltry 50 cents a day. I also have worked for 50 cents a day, but not in this country, thank God. I have worked for 25 cents a day, but I do not want to have to do it again. I have seen in the city of Glasgow, in Scotland, men working for 12 cents a day and a bowl of soup. That does not become an American citizen. We cannot have such a state of affairs here, and we will not have it. I do not wish to encroach further upon your time. There are others who can handle the subject a great deal better than I can. I simply speak the sentiment of my honest conviction and the sentiment of those whom I represent.

Mr. BRECKINRIDGE, of Kentucky. What is your employment?

Mr. JONES. I am a mill man.

Mr. BRECKINRIDGE, of Kentucky. What is the average wages that you have received for the last two years?

Mr. JONES. For the last two years we have not worked average time. In 1883 we worked five months and two weeks in our mill.

Mr. BRECKINRIDGE, of Kentucky. At what wages?

Mr. JONES. We are paid by the ton. I cannot tell you the exact wages. If we make a large amount of tonnage we make good wages, and if we make a small amount of tonnage we make very small wages. Some days we make \$5 and \$6 a day. Some days we make \$7. I have been in a mill and not made a dollar a day. But I would say that, for the time I am employed, my wages would average \$5 a day.

Mr. BRECKINRIDGE. And you were employed in the year 1883 five months and two weeks?

Mr. JONES. Yes.

Mr. BRECKINRIDGE, of Kentucky. In the year 1884 how long were you employed?

Mr. JONES. About the same space of time.

Mr. BRECKINRIDGE, of Kentucky. And in 1885?

Mr. JONES. In 1885 I did nothing in the spring of the year; but in the latter portion of the year work was pretty fair. Things took an upward tendency. The markets went up, and we worked I believe about eight and a half months in that year.

Mr. BRECKINRIDGE, of Kentucky. When you were not working in the mill was there any other work which you, or such men as you, could expect to do?

Mr. JONES. No, sir. There are 25,000 men in the streets of Chicago tramping for work.

Mr. BRECKINRIDGE, of Kentucky. Was the general average of time in other industries the same as in yours?

Mr. JONES. In other industries the general average was bad. In some it was worse and some better.

Mr. BRECKINRIDGE, of Kentucky. How was it in 1882?

Mr. JONES. In 1882 we had a tolerably fair year's work.

Mr. BRECKINRIDGE, of Kentucky. What, in your judgment (as you seem an intelligent man), was the reason that in 1882 you had fairly good work and fairly remunerative wages, and that in 1883 work dropped down to five months and two weeks, not only in your occupation but in the general labor occupations of Chicago and the West?

Mr. JONES. In my opinion there was a general depression in trade. I cannot say that that was caused by overproduction, because we did not produce anything and stock it up. Nor do I know of any other factories of our description in the country who were stocking rails at that time. In the fall of 1882 rails went down in price pretty rapidly.

Mr. BRECKINRIDGE, of Kentucky. What caused that decline?

Mr. JONES. Competition, in one sense, caused it; and then there was a strong feeling that this question of tariff was going to come up again.

Mr. BRECKINRIDGE, of Kentucky. That was the time that the Tariff Commission was in existence?

Mr. JONES. Yes, in 1882. In my opinion, capital is one of the most sensitive things

in the world. I am very sensitive myself if anybody attempts to rob me of what I am entitled to. But capital is a very sensitive commodity; and no sooner did this question of tariff begin to be agitated that fall, than it seemed to me as if all the capitalists put their money in their pockets, and many of them closed up their mills.

Mr. BRECKINRIDGE, of Kentucky. Did that same depression exist in European countries, or did it exist only in America?

Mr. JONES. There has been a big depression abroad.

Mr. BRECKINRIDGE, of Kentucky. If it was the tariff which did it here, what was it that caused the depression abroad where the tariff had nothing to do with it?

Mr. JONES. What caused the depression abroad, in my estimation, has been their (I will not swear) free-trade system, which they have had in England for such a number of years. Ever since its adoption they have been crushing and crushing and crushing labor, until to-day the skilled mechanics in England are not paid what the common laboring man is paid or ought to be paid in this country.

Mr. BRECKINRIDGE, of Kentucky. And you think that that is the cause of the depression abroad?

Mr. JONES. I do.

Mr. BRECKINRIDGE, of Kentucky. And you think that the talk about the tariff and about the Tariff Commission was the cause of the beginning of the depression here in 1882?

Mr. JONES. Partly that. I cannot say that that did it altogether.

Mr. BRECKINRIDGE, of Kentucky. What were the other causes?

Mr. JONES. I am not sufficiently posted in this line of argument, neither can I figure just exactly as I would wish to figure; but there were other causes, which I am not sufficiently posted in political economy to understand thoroughly. Consequently I do not wish to speak upon them.

Mr. BRECKINRIDGE, of Kentucky. As you seem to be a man of unusual intelligence, I wish to have your views. You speak of the constant tinkering with the tariff. Do you believe that any tariff, fixed at any time, would be suitable at another time, under other circumstances caused by the changes in labor, by the developments of the country, by the difference in the rates of interest, &c.? In other words, would the same amount of duties which would protect your industry to-day, protect it in five or ten years hence under changed conditions either of labor or development or machinery or the rates of interest?

Mr. JONES. That is a question which I have thought of a little. My views on that subject are that, for at least five years, the tariff should be left as it now stands.

Mr. BRECKINRIDGE, of Kentucky. Your idea would be that a tariff should be for not less than five years?

Mr. JONES. Yes; and if, at the end of five years, circumstances might change, making it necessary to revise the tariff, it might be made a little higher. I do not believe that circumstances would ever make it necessary to lower it.

Mr. BRECKINRIDGE, of Kentucky. Do you think there is any chance, after the tariff has once been fixed, to lower it so as to take off protection from any particular industry?

Mr. JONES. There might be a chance; but my idea is this. It is only three years since this very thing occurred before, and you know, as well as I do, that it caused depression throughout the United States. And the parties who feel that depression worst are the laboring people—the real producers of wealth. Now, we believe that it is impolitic to have such agitation. Here, in less than three years, this same question was brought up again and is agitated, and you are trying to crop a little of the duties off here and a little off there, with the ultimate view of breaking up the system of protection altogether. I cannot form any other idea about it. And I claim that the gentlemen who work in that line, with the sole idea of wiping out the protected industries of this country, have no feeling whatever for their fellow men, not one particle. Therefore I claim that the bill should go no farther than this committee room. If you wish to bring up the subject again in five years, do so, but until then give us a chance.

Mr. BRECKINRIDGE, of Kentucky. The question which I wished you to answer was, if in your judgment there are any industries now in this country that have been protected to such an extent as that the protection can be taken off; and, if so, what industries are they?

Mr. JONES. I do not know of any.

Mr. BRECKINRIDGE, of Kentucky. Is there any industry which can be protected, and has been protected, off which such protection can, in your judgment, ever be taken?

Mr. JONES. Not so long as circumstances exist as they now exist in Europe.

Mr. BRECKINRIDGE, of Kentucky. Is there, in your judgment, a hope of any change of circumstances in Europe by which we can take off protection from any industry in America? You have lived in both countries and have evidently thought a good deal about this matter, and I wish to have your judgment about that.

Mr. JONES. I believe that the time is coming when the labor element of Great

Britain will know itself and know its strength; and when that time comes there will certainly occur a revolution in that country which will place the workingman on a level, or nearly on a level, with the workingman of the United States.

Mr. BRECKINRIDGE, of Kentucky. You think that that will be done through the operation of a protective tariff there—that the workingmen will be strong enough there to reverse free trade-legislation and have a protective tariff?

Mr. JONES. I will not say that they will have a protective tariff, but I believe they will have it.

Mr. BRECKINRIDGE, of Kentucky. And when that occurs, can we then take off our industries any of the protection which they are now having?

Mr. JONES. I am not a prophet and I do not foresee that far. Sufficient for the day is the evil thereof. When that time comes, we as workingmen will be better organized and more thoroughly educated, and we will probably be then able to express our opinions more thoroughly than we now do.

Mr. BRECKINRIDGE, of Kentucky. I do not know that. You would have to do so pretty clearly if you did it more clearly than you do to-day.

Mr. BRECKINRIDGE, of Arkansas. Do you know the amount of the production of manufactured articles in England?

Mr. JONES. I cannot say that I do. My memory is not very good. But I have a list to which I can refer.

Mr. BRECKINRIDGE, of Arkansas. Do you know the character of their imports under their free-trade system?

Mr. JONES. I have read of the imports and exports of this country and that country. I believe that we imported last year 87,000 tons of iron and steel.

Mr. BRECKINRIDGE, of Arkansas. That is not the point. I am speaking of the character of the imports of England—what England receives from other countries.

Mr. JONES. England receives from other countries nothing that she can do without. She receives wheat from this country simply because she is bound to receive it or starve. She cannot produce wheat enough for her own consumption. England monopolizes the markets of the world, and her merchants wish to reap the benefits of the markets of the world. She is the most selfish nation on the face of the earth, although I hail from her myself—not directly from England, but I am a Welshman.

Mr. BRECKINRIDGE, of Arkansas. I believe, however, that England is a free-trade country.

Mr. JONES. Yes.

Mr. BRECKINRIDGE, of Arkansas. Therefore whatever she controls, she controls by a fair fight in the field of trade?

Mr. JONES. A good deal of it she controls by force of arms.

Mr. BRECKINRIDGE, of Arkansas. But, being a free-trade country, she is without trade laws in the nature of tariff laws. England receives principally, I believe, what we call staples, and she exports manufactured products. She receives very little of manufactured products. Now, she makes, I believe, about six or seven times as much manufactured products as she herself does or can consume. Now, what would be done with all these productions of her labor, and what would become of the labor engaged in them, if they were not allowed unrestricted intercourse with foreign countries? In other words, if she could not get rid of six-sevenths of her manufactured goods, how would protection help that country?

Mr. JONES. I will answer your question by asking another. What has been the result in any country that ever has allowed other countries to bring in their products of merchandise unrestricted?

Mr. BRECKINRIDGE, of Arkansas. I believe that, in the case of England, the result has been a very material advance in the wages of her laboring people. I believe there is no dispute as to that proposition. I have never heard it disputed. Nobody in this room, I believe, will dispute that, under her conditions, her workmen do receive a great deal more than they would receive under a protective system.

Mr. JOHN JARRETT. I will dispute that by and by.

Mr. BRECKINRIDGE, of Arkansas. I speak of the general proposition—that the English working people are receiving in the same line of industries a great deal more wages than workmen are receiving in protected countries.

Mr. JONES. If you want to be convinced of the happiness of English working people you ought to go there. You ought to visit the nail factories in England and see a mother with a child upon her back hammering away making a nail, working for the pitiful sum of about three and sixpence a week. Gentlemen, you should not talk about the happiness and prosperity of the laboring classes of Great Britain unless you know something about it. I know something about it. You may go there and see.

Mr. BRECKINRIDGE, of Arkansas. I know that our laboring men in this country are in a far better condition than the laboring men in England. But, while England produces such a great surplus of manufactured goods, the point that I suggest is, what would be the effect of restricting her commerce? We can tell that now perhaps to some extent. In England they have free commerce, while in France and Germany

they have protection; and there is no disputing the fact that while the condition of the working people in England is wretched enough, the condition of the working people in these other countries is far more wretched. Therefore, the cure which you advise for England is one which would make the objects of your sympathy more wretched than they are now. It is very well perhaps for a physician to remember that he may be wrong in his diagnosis and may give wrong medicine; and so the unlimited advocacy of a restrictive policy is apt to lead people sometimes into terrible mistakes.

STATEMENT OF MR. RICHARD DAVIS.

Mr. RICHARD DAVIS, of Pittsburgh, secretary of the Miners' and Laborers' Amalgamated Association of Pennsylvania, next addressed the committee. He said:

Mr. Chairman and gentlemen: I have a few words to say to you in relation to the tariff question as it bears upon the miners. This bill proposes to take the duty of 75 cents a ton off bituminous coal. We believe that, while we produce in this country a surplus of the commodity which is used, it would be a detriment to our interest to have that duty removed. Pennsylvania is the great coal-producing State of the Union. She produces about one-half of the coal that is mined in the United States and Territories; and our interest is affected to a great extent by our capacity to maintain that position. We notice by the figures that there is imported into this country now from seven hundred thousand to a million tons of coal a year. Now the way we look at the matter is that, if the present duty of 75 cents a ton be taken off bituminous coal, foreigners will have a better opportunity to bring their coal into our markets; and we claim that the American people should have America for their market. The sentiment of the men with whom I have spoken in regard to the matter is that they are opposed to a reduction of the tariff as proposed in this bill. I have a telegram here which I received last night stating that the miners of that region had assembled in convention in Clearfield and had condemned the Morrison bill. That telegram I believe expresses the opinion of the men, and it is unnecessary for me to say more about the matter.

I also see that in the proposed bill coke is placed upon the free list. As that article is used in the manufacture of iron, I need not enter into details about it. There are ten or eleven thousand coke ovens in Pennsylvania, capable of producing nine-tenths of all the coke used in the United States. Therefore the proposed bill has affected us greatly. The men in the coke region will be opposed to a reduction of the tariff on coke. In short, according to my ideas and the ideas of those men with whom I associate, we are opposed, on general principles, to the reductions contemplated in this bill.

Mr. BRECKINRIDGE, of Kentucky. Were you ever a miner yourself?

Mr. DAVIS. Yes; I worked seventeen years at it.

Mr. BRECKINRIDGE, of Kentucky. Then you know the business practically?

Mr. DAVIS. Yes.

Mr. BRECKINRIDGE, of Kentucky. And you know the general condition of the workmen engaged in it?

Mr. DAVIS. I have a pretty good idea of it.

Mr. BRECKINRIDGE, of Kentucky. Can you tell me how the importation of contract labor, both as to its extent and as to its effect on the mining interests, has worked for the last five years?

Mr. DAVIS. I am safe in saying that I do not suppose there is another interest in the whole country that is imposed upon to such an extent as the miners are in that matter. Yet it is a very difficult thing to lay your hand upon a man who has been imported under the contract system. We know that people come into the region by the hundred, yet it is a very difficult matter to be able to prove that they have been brought in under contract.

Mr. BRECKINRIDGE, of Kentucky. There has been, however, a very considerable immigration (rather than importation) into your mining region?

Mr. DAVIS. Certainly.

Mr. BRECKINRIDGE, of Kentucky. And from what nationality principally?

Mr. DAVIS. I recollect when I was a boy, working with my father, twenty years ago, that if we had a Swede or a Bohemian around the mines he was a curiosity. But now they are common; and the Hungarians and the Italians and other people have also come in. In fact we have people from nearly all the nations on the face of the globe except Chinamen.

Mr. BRECKINRIDGE, of Kentucky. Then there has been a large immigration of Hungarians and Poles and Italians into your mining region?

Mr. DAVIS. Yes.

Mr. BRECKINRIDGE, of Kentucky. And, as I take it, this immigration is breaking down the prices of your labor?

Mr. DAVIS. Yes.

Mr. BRECKINRIDGE, of Kentucky. And, is also diminishing the time that you are able to get employment?

Mr. DAVIS. That is the way it works. In a good many places in Pennsylvania 150 men are employed where there is really work only for 100 men. It is for the interest of the proprietor to employ the greater number.

Mr. BRECKINRIDGE, of Kentucky. Why?

Mr. DAVIS. For this reason: They have company stores, and in this way they have the profit from the custom of 150 families instead of 100 families. The people must have, of course, enough to live, and while they can be kept in a position to be able to earn just enough for their families, the store bills are increased.

Mr. BRECKINRIDGE, of Kentucky. It is a fact, is it not, that there has been in the last ten or fifteen years a very great increase in the number of mines of coal in Pennsylvania, West Virginia, and Kentucky?

Mr. DAVIS. Yes.

Mr. BRECKINRIDGE, of Kentucky. So that there has been another element of competition with your industry, besides the immigration of foreign labor, in the home production of coal?

Mr. DAVIS. Yes; there was a time when Pennsylvania had control of the markets away out to Chicago. That was before the coal territory of Ohio, Illinois, and Indiana came in. There is nearly an unbroken stretch of coal land from the most northern county of Pennsylvania across to California. There are about twenty-eight States and Territories producing coal. To some extent that cuts off the supply from Pennsylvania.

Mr. BRECKINRIDGE, of Kentucky. And that home competition which you now have from West Virginia, Kentucky, Illinois, Ohio, and Indiana has almost entirely taken from you the markets of the West and of the South, except as to those that are more immediately adjacent to the Ohio and Mississippi Rivers?

Mr. DAVIS. We hold the lake trade very well.

Mr. BRECKINRIDGE, of Kentucky. How far west does your lake trade now remain?

Mr. DAVIS. Up to Cleveland and beyond.

Mr. BRECKINRIDGE, of Kentucky. It does not go as far west as Detroit?

Mr. DAVIS. Oh, yes; we have coal that goes to Chicago.

Mr. BRECKINRIDGE, of Kentucky. I am talking about the bituminous coal.

Mr. KELLEY. I found at Duluth, in the summer of 1873, the soft coal from Pennsylvania.

Mr. McKINLEY. It goes there now?

Mr. DAVIS. Yes; it goes there now.

Mr. BRECKINRIDGE, of Kentucky. Can you tell me the cost of transportation of soft coal from the mines in Pennsylvania to Chicago?

Mr. DAVIS. I cannot give you the exact figures. It is pretty hard for me to find out, as I am not shipping coal.

Mr. BRECKINRIDGE, of Kentucky. I did not know but that in your association you might have obtained the figures.

Mr. DAVIS. We have the figures, but I do not recollect them exactly.

Mr. BRECKINRIDGE, of Kentucky. What are the average earnings of you miners by the week or by the month?

Mr. DAVIS. It is a pretty hard matter to get at an average. The report of the labor bureau at Harrisburg puts it at something like this; that we can make \$2 a day as coal diggers.

Mr. BRECKINRIDGE, of Kentucky. Do you find practically, within your knowledge, that that is the case?

Mr. DAVIS. No, sir, I do not. They have sized it up at \$2 a day, but we have such a number of employes as only to make it \$7.05 a week to each. That is the average.

Mr. BRECKINRIDGE, of Kentucky. What is your own observation taken from your own people? What do you find in that respect among your associates to be the average wages of a fairly industrious man for a week?

Mr. DAVIS. Of course there are different rates in the State and different seams of coal where prices vary, but I cannot put the wages of a man, at the present rates existing, above \$300 a year in any one instance.

Mr. BRECKINRIDGE, of Kentucky. Have you a system in Pennsylvania which prohibits by law mine owners from paying their workmen in orders on a store?

Mr. DAVIS. The laws do not allow them to pay in store orders, but the laws in that respect are evaded. What we call the scrip system has been abolished.

Mr. BRECKINRIDGE, of Kentucky. But the mine owners have a store in which credit is given to the workmen?

Mr. DAVIS. Yes. It is against the law, I may say, for the company to run a store in which its workmen have to deal, and so they have a system known as a supply company, and they pile it up in that way.

STATEMENT OF MR. W. J. CALLAGHAN.

Mr. W. J. CALLAGHAN, of Pittsburgh, miner, next addressed the committee. He said:

Mr. Chairman and gentlemen: I am a miner and, along with Mr. Davis, I represent the bituminous and semi-bituminous miners of Western Pennsylvania. In saying that the miners of Western Pennsylvania are opposed to Mr. Morrison's bill, I may state that all of the miners whom I have met, or have had intercourse with, are also opposed to it. I say that because I have met a great number whom Mr. Davis has not met. I am a miner myself, while he represents the association. We believe that the present duty of 75 cents a ton on bituminous coal should not only be retained, but we believe that it should be raised to \$1 a ton. The reasons for our so believing are these: We have 90,000 miners in the State of Pennsylvania who, on an average during the last three years, were idle one hundred days each year, while we imported last year (according to the report of the Bureau of Statistics) 679,477 tons of coal. Now it seems inconsistent that we should import such a large amount of coal, or any coal at all, when we have such a great coal-producing territory here, and when our miners are lying idle one-third of the year. This is the principal reason why we are opposed to the proposed removal of the duty, and the reason why we are in favor of an advance on the present rate.

As you are all aware, two-thirds of the coal-producing territory of the world is in the United States; and why we should import other coal, when such a large territory remains idle and undeveloped, is a thing which we miners cannot understand. Therefore the miners of Western Pennsylvania, whom I represent, are in favor, all of them, of the retention of the present tariff on coal, but it is the impression of a majority of them that the rates should be increased to \$1 a ton at least. I come here to represent them and to tell you so. There is no use in my going to lecture you upon the condition of the miners. You have been told about their condition. Some questions have been asked which might have been answered by me in relation to the importation of laborers and the amount of wages, &c.

Mr. BRECKINRIDGE, of Kentucky. Can you tell me the average cost of a ton of coal at the mines of Western Pennsylvania put upon the car ready for transportation?

Mr. CALLAGHAN. The average cost is \$1.05 a ton, though I have known contracts at 90 cents a ton.

The CHAIRMAN. The coal is mostly mined at so much per ton?

Mr. CALLAGHAN. It is mined at so much per bushel in Allegheny County, and at so much per ton in Westmoreland County.

The CHAIRMAN. Do you know how much the coal-digger gets per ton, or is the rate different in different mines?

Mr. CALLAGHAN. It is different in different mines, according to the seams. In nearly all of the Westmorland mines (I live in that county) the men are paid 50 cents per ton. They got an advance of 5 cents per ton lately, so that they are now receiving 55 cents a ton.

Mr. BRECKINRIDGE, of Kentucky. How many tons a day can a good workman get out?

Mr. CALLAGHAN. The average is 3 tons in a 4½-foot vein.

STATEMENT OF MR. JOHN JARRETT.

Mr. JOHN JARRETT, of Pittsburgh, Pa., president of the American Tinned Plate Association of the United States, next addressed the committee. He said:

Mr. Chairman and gentlemen: Before I proceed to say anything, I would like to answer some questions that have been asked here to-day. The first question struck me as somewhat singular. It was as to the comparative increase of this country in wealth between 1850 and 1860, and between 1860 and 1870. We are all well aware that the reports showing the total amount of national wealth are not so reliable or instructive as the reports showing the proportions of manufactures and other products. As a rule, we workingmen are governed by actual figures, and not by what are called ratios and percentages. We are aware that between 1850 and 1860 the increase in the manufactures of iron and steel amounted to about \$947,000,000; and we are also aware that the increase between 1860 and 1870 was \$1,616,000,000; so that we see that the amount in the latter ten years was a great deal larger; and we see, of course, for that reason, that, while the percentage of increase was a little smaller than between the years of 1850 and 1860, the amount, nevertheless, was much larger.

Mr. BRECKINRIDGE, of Arkansas. Why do you insist upon a comparison between 1850 and 1860, and 1860 and 1870?

Mr. JARRETT. Because I heard that mentioned this morning.

Mr. BRECKINRIDGE, of Arkansas. No, sir; there was a comparison instituted, but not that.

Mr. JARRETT. You said that the increase of national wealth was greater between 1850 and 1860 than it was between 1860 and 1870.

Mr. BRECKINRIDGE, of Arkansas. That was not the limit of the calculation. The calculations that I have made and that I have seen made were between 1860 and 1880, so as to give a comprehensive test of the two systems. You may begin with the tariff of 1846 and run to 1860, and then again begin with 1860 and run to 1880.

Mr. JARRETT. Yes; and you will find that the increase was larger, if you take in those dates.

Mr. BRECKINRIDGE, of Arkansas. I only spoke of the rate of increase.

Mr. JARRETT. I wish to make another statement in connection with the wages paid within those dates, as it has been intimated that the wages paid in England at the present date are larger than they ever were. We all know that there are some departments of labor where wages are higher than they used to be; but that is because one man, with the machinery now in use, can produce just as much as ten, twenty, thirty, forty, or fifty men could produce at a time when machinery did not exist. Take manual labor and mechanical labor and compare them and you have the result that in this country, in 1860, the price of manufacturing labor (the labor of such men as we have here to-day) was \$3.50 per ton in boiling. The price in England for the same class of work was 13s. 6d. per ton, or about the same rate as was paid here. The selling price of bar-iron in this country in 1860 was about \$64 per ton. The price paid in England in precisely the same class of work is now 6s. 6d. per ton, or one-half of what it was in 1860, while the price paid in this country is \$5 a ton, a great deal more than it was in 1860. Here \$5 against \$3.50, and there 6s. 6d. against 13s. 6d. You can draw your own conclusion. I refer to these facts simply that we may understand each other, and may learn the influences which the tariff may have on wages in our own country, and which free-trade may have on wages in England.

Mr. BRECKINRIDGE, of Arkansas. You have instituted a comparison between wages in this country and wages in England. I did not think anybody called that in question.

Mr. JARRETT. I am simply giving information from our side.

Mr. BRECKINRIDGE, of Arkansas. There was a comparison instituted between Mr. Jones and myself as to wages in England, France, and Germany, and you stated you would give us some information on that point.

Mr. JARRETT. The question you asked was as to the comparison of wages in England and this country, and you said that it was never denied that higher wages were paid in Great Britain now than in times past. I said that higher wages were not paid in proportion; and the proof of that is that the boiler who got 13s. 6d. a ton when the price of bar-iron was £10 10s. gets at the present time 6s. 6d., when the price of bar-iron is only £6 10s.

Mr. BRECKINRIDGE, of Arkansas. A comparison of wages was instituted by me between England on the one hand—

Mr. JARRETT. Free-trade England.

Mr. BRECKINRIDGE, of Arkansas. And France and Germany on the other hand—

Mr. JARRETT. Protected France and Germany.

Mr. BRECKINRIDGE, of Arkansas. And not between England and America?

Mr. JARRETT. I did not so understand it. Since the adoption of the protective system in Germany, wages have largely increased; occupations have largely increased, and to-day you may take up the London Iron Exchange, or the London Ironmonger (trade journals representing iron and steel), and they are full of letters from manufacturers complaining of competition from Belgium and Germany. They say that the manufacturers in these countries are shipping goods into their markets at prices for which they cannot manufacture them. You may be aware that the English Parliament appointed two commissions in 1867 to inquire into why it was that there was overproduction, surplus production, &c., and both of these commissions said, in their reports, that the workingmen were not aware of the vast extent to which manufacturers disposed of their surplus products at a loss, dumped them, as it were, into foreign markets at a loss. I believe you did not inquire into the selling prices of English commodities in the British market, but simply accepted the invoices given by the Bureau of Statistics as the actual market price of goods in Great Britain. That is simply absurd. If you get at the facts to know the relative prices of goods in each country, you will find that British manufacturers can afford to dispose of their surplus products at a large loss, because, by disposing of their surplus products at a loss in foreign countries, they are able to command their own market at home. The British merchant or manufacturer, as a rule, disposes of his products at good prices in his own country. No matter what you take up in this schedule you will find that each of the prices given here is lower than the selling price in the English market, and we feel disposed to treat this matter in the same light. We recognize the fact that our policy pays as

much attention to the producer as to the consumer. We recognize the fact that the most accurate measurement of a man's industry under the present system is the wages he receives, and not the value of the product of that labor. And for that reason we say that anything that reduces wages is to the detriment and injury of the workingman, and therefore we are opposed to this bill because we know that a reduction of wages has followed every reduction of tariff.

I should be glad to answer some of the hypothetical questions asked in regard to reduced wages, or overproduction, because I am free to confess that, if I were a manufacturer myself, I would get wages as low as I could get them. I do not know a man who would voluntarily pay larger wages than he is required to pay. In 1872 there was a reduction in the tariff, and from 1872 to 1876 the iron and steel workers of the country had a terrible warfare, battling with their employers. And why? Why were they forced into that position? From 1864 to the time when the tariff was reduced in 1872, the wages of the men were \$6 a ton. In 1873 we had a panic, and in 1874-'75 we worked at the lowest wages we ever had been paid in this country since 1862. The prices for boiling went down in Pittsburgh between December and May to \$4.75 a ton. We, however, succeeded in getting them up the following year to \$5. There was a bill attempted to be reported here in 1877-'78, to reduce the tariff, but we succeeded in arousing popular sentiment against it so that the bill did not become a law, and a feeling of confidence began to be restored. At that time I was president of the Amalgamated Association of the Iron and Steel Workers. The men thought they were entitled to an increase of wages. We had observed that the importations of iron and steel had fallen off to \$80,000,000; and in 1880 we demanded an advance of wages. We had that advance, and in 1880 the importation of iron and steel had fallen off to some 60,000,000 tons. In 1881 there was another advance of wages, and the importation of iron and steel was 67,000,000 tons. In 1882 we had a very large strike, because we demanded another advance of wages. We neglected to look out and see that there was not a gate open somewhere. The importations that year were 70,000,000 tons. We began to learn a lesson then and we began to see that, by compelling the manufacturers to advance wages we were advancing the prices of commodities and thereby advancing the interests of our foreign competitors. We know perfectly well that the agents of these foreign manufacturers are at work at the present time. You cannot take up a single paper published in London, Sheffield, Manchester, Birmingham, or any other important center in that kingdom, without finding that they are advocating a system of reduced duties in this country. I met recently a Scotchman who was here in this very interest, and he said to me: "Why, Mr. Jarrett, would it not be better for you and to your advantage in the long run, to bring about a system of free trade? It is true that we would get a temporary benefit, but in the long run you would whip us out of every market in the world." I said, "I know that, but it would take years for us to do it, and what would become of us in the mean time?" Now, my friends, we cannot under any circumstances agree to a system which will bring about a condition that will enable the British manufacturers to dispose in this market of the 2,000,000 tons of surplus iron and steel products which you have heard of here to-day.

Mr. KELLEY. Twenty-five hundred thousand tons of iron and steel.

Mr. JARRETT. A sufficient amount, if it were shipped here, to deprive iron and steel workers of all the employment that they are now getting. It is said that our workmen are not getting all the work they can do. That is true; but it is so, because we are importing largely that which we ought to be producing here at home.

I ask you, is it true political economy to buy from another country that which you can produce at home? Is it true political economy, even on the basis of the free-traders' own doctrine, to keep your own laborers idle in order that you may give employment to foreign laborers?

Observe the commodities that we import. I first mention wire. Directly you reduce the tariff to a point at which the American manufacturer can buy it from abroad cheaper than he can produce it himself, he changes from the condition of a manufacturer to that of a merchant; and he imports from abroad that which he should be producing at home and giving employment to labor. It is said that a man who does this is not much of a humanitarian; why, he is all humanitarian. It is human nature to do this. A man would be a fool to employ labor in producing that which he can procure at less cost by purchasing abroad. As workingmen we do not expect manufacturers to do so. You will find that the unit of value in the matter of wire is below the proper selling price in this country.

Now, as to the cotton ties. We are not producing cotton ties as we ought to. A gentleman appeared here, who had made arrangements about wages so as to get out a little cotton ties; but every time that an attempt was made, the foreign prices were lowered. So as to tin plate. If I look at the reports as given by the Bureau of Statistics, I find that in 1875 the value of all dutiable merchandise imported into this country was \$379,000,000, and the amount of duty collected was \$154,000,000. In 1885 I find the value of dutiable merchandise imported to be \$386,000,000 (a little more in

value than in 1875), and the duty collected thereon \$178,000,000. Observe: the value of the merchandise that was dutiable imported in the year 1833, was larger in amount than the value of the merchandise imported in 1875, while the quantity was much smaller. The duty, consequently, is much larger. Now, you are trying to reduce the amount of revenue collected by the Government by reducing the duties; but here you find that you are collecting more duty by importing a larger amount of goods at a lower valuation (by at least 25 per cent.) as between 1833 and 1875. Where is the consistency in attempting to reduce the revenue collected by reducing duties when the results are such as those?

Now, I take up this item of tinued plate. I need not tell you that this represents one-fifth of the first cost of all the rolling mill products of this country. You may be laboring under the delusion that we cannot make those goods in this country. Give the American workingman the chance, and you will find that it can be done. You cannot point out a single instance to me where we have not succeeded in building up an industry where we have had a protective tariff. On the other hand, you cannot point out a single instance where an industry has been largely established and developed in this country without a protective tariff. What more do you want than that? Here is the practical deduction, and there is no use of dealing with theoretical ideas. There is no use in supposing that you can improve the condition of American workmen by increasing importations. There is no use in gentlemen saying that, by the importation of foreign iron ore, more of the domestic iron ores can be used. The result of admitting foreign ores free of duty would only be to stop, to a large extent, the production of domestic ores. We cannot concede the idea, not for a moment.

We claim, gentlemen, that it is your duty to carry out the real intention, at least implied, of the conventions of the two great political parties held a short time ago, that there should be a revision of the tariff, in fixing up inequalities, and thus giving employment to American labor. We cannot get employment without American capital, and American capital is deterred by the threats of reducing duties. I remember a conversation I had recently with a large importer, representing a Birmingham house. He said to me, "You must recollect that England will not buy your wheats unless you buy her tin plates." But England does not buy our wheat because we buy her tin plates. By no means! England is going to see the day when she will grow more wheat than she does now and manufacture less products than she does now. Her foreign commerce is not going to remain always as it is now, because the markets of this country will be shut up closer against her. France, Germany, Italy, Russia, and all other countries are now looming up to the grand boom of civilization, which is the employment of their own labor. You talk of the depression in this country; but I know perfectly well that there is a greater depression in England than there is in our country.

A question has been asked as to the total value of all manufactures in this country and Great Britain. The total value of our manufactures last year was nearly one-quarter as large as the manufactures of Great Britain, and in some cases it was nearly one-half. It is only in such departments as those where Great Britain has had a great market in this country that she has increased in her manufactured goods. For instance, she produced more tin plates last year than ever before, because we consumed more, and she produced more cotton ties last year than ever before, and we imported them. It is the same with wire rods, although wire rods are coming in now largely from Germany, in competition with Great Britain. I fail to see where we can expect to improve the condition of our laboring men by reducing duty in any instance. Give us the legislation in favor of labor that you are expected to give, because even the Democrats told us that they were not going to do anything to hurt labor.

The CHAIRMAN. That is what we are trying to do.

Mr. JARRETT. You must recognize this fact, gentlemen, that we workingmen are doing all we can possibly do to improve our condition; we do not find fault with the manufacturers because they try to get labor as cheaply as possible. An honorable member of this committee says that his losses last year, in the iron business, were very large. If that is his experience what must have been the result with those men who pay at least one-third more wages than he does? I cannot understand. Gentlemen, you must allow us to fight our battles with the manufacturers ourselves. We have not found that you can give us better wages, by any means, except by legislation which would raise prices sufficiently high to prevent the products of foreign labor coming here in competition with our own.

Mr. REED. You mean that, if we give you the results of protection you can take care of yourselves and get your share?

Mr. JARRETT. Yes. When you tell us of trades organizations, I say that it is our place to organize. We will do so, and we will attend to our wages. We claim that there must be some means by which we will prevent the productions of foreign labor coming in competition with ours. It is in those instances where the tariff is lowest that the importations from England are the largest. That is a fact which must not be overlooked. We are trades unionists. We believe in them. If there are manu-

facturers who do not believe in them the time will come (because we will be driven to a state of mutual dependence) when the manufacturer will take the laborer by the hand and acknowledge him as a brother. Unless we can demonstrate in the United States what a perfect civilization amounts to we cannot expect other countries to do so.

As to this talk of foreign commerce; whatever may be said by economists, this shipping of surplus products to other countries simply means surplus products which do not produce profits. That is not political economy. We talk about free-trade England. It is not free-trade England. It is protective England. I was asked the other day if peace is not promoted between England and other countries by these commercial relations, by her foreign commerce. I say that it is not, because commercial relations have been at the bottom of every war that ever England entered into. You know that perfectly well. England has added greatly to her foreign trade, and you know what kind of peace there has been. Besides, you must recollect that from 1846 up to the present time English commerce has only increased three-fold, whereas in the same period of time ours has increased seven-fold. We have not done this by taking in foreign countries that we have no business with. We have practiced peace, and we have carried out the Christian principles that we preach. We had no need of going to seek foreign markets; but we have built up markets here for ourselves, and in the growth of wealth we have increased nearly double the ratio of the increase in England.

I will not take up any more of your time. I have several other points which, if I had time, I would like to refer to. We believe that the chairman and the other members of this committee are seeking truth. We believe they are conscientious in supposing that placing a certain number of articles on the free list, and reducing duties on others, will conduce to the general benefit of the consumer; but they cannot point out a single instance in which (by any law of political economy) it can conduce to the benefit of the producers. Do not, then, in the name of everything that is fair and just, condemn the manufacturer as a monopolist. You cannot tell me that it is protection which builds up monopolies. Is it protection that built up the Standard Oil Company? Is it protection that has anything to do with the monopolies which we have heard of?

The CHAIRMAN. I think that the High Priest of the Standard Oil Company is a very high protectionist.

Mr. JARRETT. I do not know that he is. But, even if he is, he is a purchaser of foreign goods. He purchases all the iron hoops he can abroad. He does not purchase iron hoops at home while he can buy them abroad. I discovered, only a few days ago, that this very Standard Oil Company sent an order for iron hoops abroad without even inquiring as to the price at which the order could have been filled at home.

We believe that this committee considers that, under the proposed bill, our condition would be improved; but we know that it would not be. If you will revise the tariff in the sense that we understood when you spoke in your platform of the revision of the tariff—that is, by taking away inequalities, by reducing duties on articles which we do not produce—we can have no objection.

I travel a good deal through this country, and come in contact with workingmen. I know that some of these workingmen do not understand this question; but if you tell workingmen that a revision of the tariff means a reduction of the tariff, thus increasing foreign labor and bringing down American labor, and that it is for the purpose of cheapening commodities to the farmer, then the workingmen will understand it.

The CHAIRMAN. The farmer is a workingman to.

Mr. JARRETT. You and I are both friends of the farmer. He is a very much abused man in this country. He is told that he pays for everything, that he buys everything in the dearest market and that he sells everything in the cheapest market.

Mr. BRECKINRIDGE, of Arkansas. Not the farmer any more than other classes.

Mr. JARRETT. I am defending the farmer and not attacking him. The farmer knows that his best market is the home market. You may not know that wheat is to-day sold cheaper in Liverpool than in this country; but it is.

Mr. BRECKINRIDGE, of Arkansas. Did you ever see a farmer who believes what you now state—that he gets more for his wheat here than it sells for abroad?

Mr. JARRETT. I will not take up any more of the time of the committee, except simply to say this, we ask you, gentlemen, to ponder over this matter seriously. Give us your reasons for the proposed reduction of duties. We have not seen any reasons. We have not heard any reasons why you desire to reduce these duties. Who asked you to put tinned plates, wire rods, and cotton ties on the free list? I sent this pamphlet here [presenting one] fully three months ago.

The CHAIRMAN. You made your speech upon tinned plates two years ago.

Mr. JARRETT. And you said that the same justice would be meted out to tinned plates as to other things.

The CHAIRMAN. I treat everything alike that requires like protection to the manufacturer and the laborer. If I had to make a tariff bill I would treat all alike.

Mr. JARRETT. What we claim and what we know is that wages are much higher in this country than abroad. I mean much higher in proportion to the selling prices of the commodities in the market. I mean that the boiler is paid double what he is paid in Great Britain in proportion to the selling prices of the articles. I make this statement because it is said that the employer here gets all the benefit of the tariff. Now, I repeat that the employé is paid double what he is paid in Great Britain in proportion to the selling price of the article.

Here [producing a paper] is the scale of prices paid in American steel works. If you will read the arbitration reports of the North of England you will find that in England the boiler gets 6s. 6d. out of £6 10s., the selling price of iron per ton, and that in this country the boiler gets \$5 out of \$44.80, the selling price of iron per ton.

In other words, the English workingman gets one-twentieth part of the selling price, while the American workingman gets a little more than one-ninth part of the selling price. So that the American boiler gets more than double, in proportion, what the English boiler gets.

I would like you to examine this schedule of wages, and all the way through you will find the same thing. The chairman says he has heard this speech before. Yes; and you will hear it again and again, until Americans are able to produce these articles for themselves. I am sure that the workingmen of this country will rise *en masse* and demand this.

In this paper, showing relative wages, you will find that, in the tinned-plate business, wages here are 300 per cent. higher than those paid on the other side. We cannot expect that these wrongs can be continued. We ask you, gentlemen, will you protect us? Will you carry out your promises not to do anything to hurt our condition? With this remark I close.

The following is the statement of comparative prices of workingmen in Great Britain with those of workingmen in the United States, as presented by Mr. Jarrett.

Comparative cost of producing a box 1. C. 14 by 20, 112 sheets, weighing 108 pounds, in Great Britain and the United States.

	Great Britain.	United States.
Cost of steel bar, 1 ton of 2,240 pounds	\$25. 00	\$38. 00
Average production out of 1 ton of bars, 17 boxes; hence rates per box	1. 45	2. 25
WAGES.		
Rollerman .....	.065	.....
Behinder .....	.025	.23
Doubler .....	.052	.11
Furnaceman (heater) .....	.050	.10
Opening (girls) .....	.015	.05
Shearing .....	.023	.11
Annealing .....	.038	.12
Pickling .....	.036	.17
Cold rolling .....	.024	.09
(Overman, in Great Britain, 30s.; United States, \$25 per week. Boy, rolling, in Great Britain, 1s. 8d.; United States, \$1 per day. Catching, in Great Britain, 1s. 2d.; United States, 75 cents per day. Attending, in Great Britain, 1s. 2d.; United States, 80 cents per day. Greasing, in Great Britain, 10d.; United States, 65 cents per day.)		
One man weighing black plate .....	.005	.015
Doublers, bundlers .....	.007	.02
Finishing .....	.006	.015
Two men assorting in annealing room .....	.006	.02
Mason, smith, millwright, and helper .....	.025	.07
Engineers, firemen, and watchman .....	.021	.065
One man wheeling shearings .....	.003	.007
Materials:		
Sulphuric acid .....	.08	.18
Fuel .....	.14	.15
Brick, clay, and stoves .....	.02	.05
Annealing pots and stands .....	.015	.04
CR.	2. 111	3. 862
Shearing 20 pounds per box. $\frac{1}{2}$ and $\frac{9}{10}$ cents .....	.10	.18
	2.011	3.682

Comparative cost of producing a box 1. C. 14 by 20, 112 sheets, &c.—Continued.

	Great Brit- ain.	United States.
TIN-HOUSE.		
One box, or 108 pounds black plate	\$2. 011	\$3. 682
Wages:		
Tinman .....	.06	.12
Washman .....	.06	.12
Grease boy .....	.02	.05
Braning and dusting .....	.025	.07
Wheeling plates and lighting fires .....	.003	.01
Assorting .....	.012	.029
Girls reckoning .....	.010	.04
Boxing and branding .....	.016	.04
Mason, smith, fitter, striker, &c .....	.020	.044
Storekeeper, engineer .....	.007	.021
Manager of works, tin-house .....	.010	.025
Materials:		
Boxes for packing .....	.08	.08
Stores, nails, hemp, skins, &c .....	.04	.05
Flux on pan (patent in Wales) .....	.04	
Flux on pan, palm-oil (United States) .....		.11
Fuel for melting pots .....	.05	.05
Block tin, 2 $\frac{3}{4}$ pounds, Great Britain, at 22 cents .....	.60	
Block tin, 3 $\frac{1}{2}$ pounds, United States, at 22 cents .....		.77
Bran .....	.007	.02
Castings, repairs, &c .....	.020	.05
Oil, &c .....	.04	.04
General charges	3. 131	5. 421
(General manager's salary, in Great Britain, \$1,500; United States, \$3,000. General book-keeper's salary, in Great Britain, \$750; United States, \$1,500. General clerk's salary, in Great Britain, \$500; United States, \$1,200. Pay and yield clerk, in Great Britain, \$500; United States, \$1,000. Rents, rates, taxes, and insurance, in Great Britain, \$1,500; United States, \$2,000. Banker's com- mission, in Great Britain, \$2,000; United States, \$4,000. Total, Great Britain, \$6,750; United States, \$12,700.)	.08	.16
Special charges .....	.04	.10
(Cost of erecting works in Great Britain, \$75,000; United States, \$120,000. Interest at 4 per cent. and 8 per cent., respectively.)		
CR.		
Copperas and tin scruff	3. 251	5. 681
	.10	.14
Cost per box	3. 151	5. 541

YARNS AND THREAD.

SPOOL COTTON.

STATEMENT OF MR. R. W. FERGUSON.

Mr. R. W. FERGUSON, of New York, addressed the committee on the subject of spool cotton. He said:

Mr. Chairman and Gentlemen: The manufacture of spool cotton, or six-cord thread, in this country has, like other things of much importance, quite a history. It was thought for many years that the time would never come when six-cord thread would be made in this country. The duty upon it during the war was, of course, prohibitory, and up to perhaps the year 1865 very little spool cotton was produced on this side of the Atlantic. At that time some of the leading importers made some effort in the direction of having some of the duties cut down, or rather put in such shape as to enable the manufacture to be carried on on this side of the water. In other words, they had some settled purpose arranged by which they could go on with the business here uninterruptedly. Nothing of that sort, however, was done. And so, from time to time, one manufacturer after another was compelled to bring his capital from the other side to this side, resulting in the fact to-day that nineteen-twentieths of all the thread consumed in this country (and perhaps more) is made in this country.

This is an industry above all others (anybody acquainted with the nature of it will agree with me, I think) that requires steadiness. It is impossible to change about from time to time. When the Tariff Commission was appointed, the thread manufacturers were among the first who met the Commission and proposed what they considered an equitable settlement of the duties on thread and yarns. The country had returned to specie payment, and we had every reason to hope that no disturbance would come to the manufacturers' interest, either from an inflation of currency or from changes in the rates of labor. The Tariff Commission recommended a reduction of the duty on spool cotton of 36 per cent. That amount of reduction was suggested by the thread manufacturers themselves, and it was so fixed in the bill of 3d March, 1883.

The CHAIRMAN. You are talking about spool thread now?

Mr. FERGUSON. The same thing; thread in spools, hanks, and bundles.

The CHAIRMAN. Did the Tariff Commission recommend the rate proposed by this bill at 6 cents a dozen spools?

Mr. FERGUSON. I do not recollect that there was any difference of opinion in reference to the duty of 6 cents per dozen. I think there was; but it was finally settled on the present basis of 14 cents.

The CHAIRMAN. Yes; but not by the Tariff Commission. If I remember correctly the Tariff Commission recommended 6 cents.

Mr. FERGUSON. I think that was the only point on which the Tariff Commission and ourselves disagreed. I think the Commission proposed 6 cents per dozen spools of 100 yards and 7 cents for every additional hundred yards, and finally recommended it as 7 and 7, making 14 instead of 13 cents. There was a cent a dozen difference, I think, if my memory serves me right. It was shown to the Tariff Commission (and I think it can be easily ascertained by any person who will take the trouble to inform himself) that wages in this country for this class of work are more than double what they are in Great Britain. All that we ask is protection on the labor that enters into our manufacture.

Mr. MILLS. Do you mean that the wages here are double for a given length of time, or for a given amount of production?

Mr. FERGUSON. In either way. There is a little difference in the number of hours for work on both sides; but, if you take it either way, the wages on this side are about double the wages in Great Britain.

Mr. MILLS. What does the labor cost you here to the pound, and what does it cost on the other side to the pound?

Mr. FERGUSON. We stated to the Tariff Commission that it cost us double what it cost in Great Britain.

Mr. MILLS. We want to know the relative cost of the labor on both sides on a given amount of thread—a dozen spools, or a dozen pounds of thread, or one hundred pounds of thread.

Mr. FERGUSON. I do not quite understand you. The rates of duties under which we are working now were, I say, adopted in the tariff bill of March, 1883, and we did not expect, of course, that they were to be disturbed for some time to come. Wages are not any less now than they were at that time. In fact they are somewhat (I think a point) higher. The strongest proof you can have of the duties not being excessive is the fact that, under the present rates, yarns are being imported into this country at less than they can be produced for here. We cannot continue the manufacture of the goods at less than the present rate of duty. Owing to the labor being pressed down on the other side just now to a great extent, yarns are coming into this country at less than they can be made for here, notwithstanding we have the present protection. We have taken the liberty, Mr. Chairman, of presenting to the committee copies of letters addressed to the Secretary of the Treasury giving some statistics of the running of the different cotton-thread mills in this country.

I was mistaken, Mr. Chairman, in reference to that cent point we were speaking of.

The CHAIRMAN. I thought so. The Tariff Commission recommended the same rate as is proposed by this bill on spool thread, that is 6 cents a dozen.

Mr. BRECKINRIDGE, of Arkansas. I understood you to say that the recommendation of the Tariff Commission met with the approval of the thread manufacturers.

Mr. FERGUSON. Except on the question of finished goods.

Mr. BRECKINRIDGE, of Arkansas. I am talking about this thread.

Mr. FERGUSON. We are quite in accord with the views of the Tariff Commission on hank thread and yarn; but on the finished article there was some difference of opinion. The details I have forgotten at this moment; but there was a difference. Finally, after going through different stages in the Senate, it was changed to what we urged at the beginning, giving an equitable duty on the finished goods.

Mr. BRECKINRIDGE, of Arkansas. That is, of course, very vague. How much did you differ with the Tariff Commission?

Mr. FERGUSON. We differed, I think, to the extent of 2 cents a dozen.

Mr. BRECKINRIDGE, of Arkansas. I see that the Tariff Commission took off the 35 per cent. from your spool thread, but gave you an additional specific duty of 1 cent a dozen.

Mr. FERGUSON. The Tariff Commission made a net reduction in duty of 36 per cent.

Mr. BRECKINRIDGE, of Arkansas. I do not see how the Commission could have done that, if it only took off 35 per cent. and added 1 cent to the specific rate.

Mr. FERGUSON. Prior to that—

Mr. BRECKINRIDGE, of Arkansas. I am not talking about prior to that; I am talking about that.

Mr. FERGUSON. The existing specific duties were continued, and the ad valorem duties left off.

Mr. BRECKINRIDGE, of Arkansas. The same specific duties were not continued.

Mr. FERGUSON. I mean on the unfinished article.

Mr. BRECKINRIDGE, of Arkansas. I am not talking about the unfinished article, but about thread.

Mr. FERGUSON. The specific rate was continued, and the ad valorem rate taken off.

Mr. BRECKINRIDGE, of Arkansas. The specific rate was continued and increased, and the ad valorem taken off?

The CHAIRMAN. If I remember, when you were here last to talk to us, you were doing business on both sides of the water.

Mr. FERGUSON. We were doing some business on both sides. We were just in the midst of removing our plant and building mills here. Our mills were then not quite finished. They have not been completed more than a couple of months. It has taken us for the last few years up to the present time to complete them. Our mills were just being erected when I appeared here two years ago.

The CHAIRMAN. I do not want to inquire into your private business affairs, but it is fair to presume that as you removed your manufacturing business from the other side to this, you find it more profitable here, even with higher wages of labor, than you found it there.

Mr. FERGUSON. We had to come here so as to be on the same basis as American manufacturers. We were the last to bring our plant here. All the others had come before

us. We were compelled to come here in order to be on the same basis as our competitors.

Mr. MCKINLEY. High duties brought you here?

Mr. FERGUSON. High duties brought us here. As I stated, I asked for a reduction of tariff so that we might stay at home on the other side, but the reduction was refused. We continued in the business and went on from year to year expecting that some change would be made, but none was made, and we were compelled to come here. Now that we are settled here, with a capital of two millions invested, with our machinery just running, we hoped that our business would be a steady and continuous thing. I can prove to you most satisfactorily that you can import yarns into the United States just now cheaper than you can make them in this country.

The CHAIRMAN. Then, just now, it would be better for you to be on the other side?

Mr. FERGUSON. It would be better; but you cannot change a mill to this country in one year and take it back the next year. We cannot be on both sides at the same time. What we want is steadiness. Our capital is invested here, and I say frankly and honestly and from a knowledge of the case, that if any further reduction of duty takes place you will simply destroy to a great extent a matter of twelve millions of capital invested in this industry in this country.

The CHAIRMAN. You would have to go back to the other side?

Mr. FERGUSON. I suppose so; but what would I take back with me.

The CHAIRMAN. All that you have made out of us in these good times?

Mr. FERGUSON. That is all in the plant. We have a million dollars' worth of plant here. We cannot get that away. It cannot be used for anything else but the thing for which it was erected. We cannot use this fine machinery for the production of any other kind of thing. Of course, if you take the machinery out of a building you cannot get for it one-tenth of what it cost.

The CHAIRMAN. We do not expect to do anything which will necessitate all this. You are unnecessarily alarmed.

Mr. FERGUSON. I submit that if we proposed a reduction of 5 per cent. in the wages in our factory to-morrow our people would all walk out of the mill. About three weeks ago we were waited upon by a committee of the Knights of Labor.

The CHAIRMAN. We have heard of those gentlemen.

Mr. FERGUSON. I have met them practically, I am sorry to say. We asked them what they wanted.

The CHAIRMAN. We do not propose to interfere with your working people.

Mr. FERGUSON. But if you disturb this schedule you will interfere with us and we will have to interfere with them. You reach them through us. You will destroy us first, and after that they will talk to you at the polls—they and other people. We would be annihilated first, and you would come in for your share afterwards.

The CHAIRMAN. We will have to take our chances of that.

Mr. FERGUSON. But the chances are better for you than for us, because we are nearest the blast and we get the first knock. These gentlemen from the Knights of Labor said to us, "Well, we just thought we would come to see you."

The CHAIRMAN. We do not care what those gentlemen said to you. Tell us something about cotton thread.

Mr. FERGUSON. This pertains to labor. They said they heard that we were going to reduce labor in one department of our mill. We stated that we had no intention of doing anything of the kind. They said they were very glad to hear it, but that they wanted to call and give us notice that they were watching us. These things do not point to a reasonable hope on the part of manufacturers of being able to reduce wages; and if any further reduction of duties is made a reduction of wages is the only place to which the manufacturer can go for relief.

The CHAIRMAN. You have just told us that wages are not a particle higher now than they were when the other reduction was made.

Mr. FERGUSON. They are a point higher; but there has been no reduction made since 1883. The duty then was settled on the schedule of wages existing at that time.

The CHAIRMAN. Since that time you say you have raised wages a point higher?

Mr. FERGUSON. On the other hand, wages are depressed on the other side of the ocean. There has not been perhaps for many years a time when the people of all European countries were working on such starvation wages as they are working on now. The quotations of goods in the market will prove that. As I said before, there are a number of people importing yarns now (notwithstanding the protection we have upon them), and of course the depression in wages on the other side has enabled them to get stuff and put it here cheaper than they did three years ago. Consequently they are now shoving them in on us; that is, unfinished goods.

There is another thing true. There is at least one very large house—a house worth perhaps four or five million pounds—which has already rented an office in New York

and has got some of its circulars printed telling the people of this country that they are going to supply thread to the United States from Lancaster, as the Committee on Ways and Means has recommended this bill. I have had the opportunity of meeting here the representative of that house. These two things point very conclusively to the truth of what I have stated.

Mr. BRECKINRIDGE, of Arkansas. Have you a copy of that circular?

Mr. FERGUSON. No, sir; I was not favored with one. The printer told me that he had printed them, but that he had instructions not to give them out.

Mr. BRECKINRIDGE, of Arkansas. Can you introduce the gentleman to us? You say that he is here.

Mr. FERGUSON. I mean in New York.

Mr. BRECKINRIDGE, of Kentucky. The yarns which you produce are not cotton yarns.

Mr. FERGUSON. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. During the existence of the present tariff have there been any exportations from America of manufactured cotton; and, if so, of what character and quality have those exportations been?

Mr. FERGUSON. There have been no exportations of yarns. In regard to textile fabrics, I am not acquainted with the facts, but I know we do export cotton goods.

Mr. BRECKINRIDGE, of Kentucky. What qualities of cotton goods are exported from America to other countries?

Mr. FERGUSON. I understand them to be low-grade cotton cloths.

Mr. BRECKINRIDGE, of Kentucky. I find that there have been exported (besides manufactures of cotton, uncolored cotton, and wearing apparel) "of all other manufactures of cotton" in 1885 some \$1,400,000 worth.

Mr. FERGUSON. Certainly not in the yarn business. That would be quite impossible. I want to call your attention to one thing, and I am glad that you gave me an opportunity to mention it. I will read you a letter addressed to a member of this committee a couple of years ago.

Mr. FERGUSON read the letter, as follows:

WASHINGTON, D. C., *February 26, 1884.*

DEAR SIR: In response to your inquiry as to whether my argument for maintaining the present duty on spool-cotton applies with equal force to cotton yarns of all kinds which are imported, I beg to state that spool-cotton and yarns are one and the same thing as far as my business is concerned; in fact 90 per cent. of the yarns imported are for the spool-cotton trade.

It was shown before the Tariff Commission that a pound of cotton such as is used in the fine qualities of yarns, costing 30 cents, became worth \$1.50 when spun into fine yarn—500 per cent. on first cost, all of which is labor except interest upon money and depreciation of plant.

The spinning mills erected in this country for the production of these yarns will be rendered entirely useless should any reduction be made in the thread or yarn schedule. We therefore ask that no reduction be made upon either cotton thread or cotton yarns.

Very truly, yours,

R. W. FERGUSON,

Vice-President the Clark Mile-end Spool Cotton Company, East Newark, N. J.

Hon. WILLIAM A. RUSSELL,

Committee on Ways and Means, House of Representatives.

Mr. FERGUSON. This yarn is stuff which certainly cannot be made in this country and exported, because it is only within the last ten or twelve years that we have been able to produce it here at all. The British manufacturers used to boast that they would always have this market on these best things, because climatic influences, high wages, &c., interfered with their production in America and that we would never be able to produce it here. I can show you yarns made in America (up to No. 150) better than any produced in Great Britain just now. Of course they could produce better yarns if they tried to. But there is another fallacy and a very important error that exists in the minds of a good many people in reference to this matter of thread. During the war thread sold for 10 cents a spool; it is now selling for 5 cents. As I say, we made a reduction in the price of goods on the return to specie payment. Again, on the 1st of January, 1883, we made another reduction of 5 per cent. That was two reductions. In the mean time the home competition here had pressed prices down to just what a manufacturer would consider a fair profit. Now the spool of cotton for which the sewing woman in this country pays 5 cents will enable her to do 10 per cent. more work than she would do if she were provided with cotton manufactured in Scotland. This is a statement which I can prove to you by people who employ sewing women. I have talked with a manufacturer, and

supplied him with thread, which his people are quite willing to pay a cent a spool more for, because they can make more money by it.

Mr. BRECKINRIDGE, of Kentucky. A cent more per spool would be an addition of 25 per cent?

Mr. FERGUSON. Yes, sir.

Mr. BRECKINRIDGE, of Kentucky. And you say that the saving to the sewing woman would be 10 per cent.?

Mr. FERGUSON. But see the comfort which the sewing woman gets. She saves her physical powers. She has more capability of doing her work, and that is a great thing for a woman who has to sew for a living. The great majority of the thread used in Great Britain and all over the world is, to a great extent, glossy thread. The people of the United States use the best thread. They are not satisfied with anything but the best thread. They will pay more for our thread than they would pay for the thread made on the other side. Now, if the same quality of thread which we sell here was produced on the other side, the manufacturer would require to pay at least 2 pence a pound more for the cotton out of which to make it; and the result would be that a good deal of the cotton which they use for that purpose would be left on this side, and they would take Egyptian cotton for the purpose. The price is at present 5 cents a spool. That is what the sewing woman in California pays for her cotton. It is first manufactured in New Jersey, Rhode Island, Massachusetts, or Connecticut, and is sent to New York for sale. From the agent's hands it passes into the hands of the wholesale dealer, who has to have some profit. So that wages do not end at the mill. The merchant will not buy my stuff and keep it in his house and sell it unless he has interest for his money, and he wants 5 per cent. profit. Then the freight to the Missouri River must be paid, and that adds to the cost. The merchant on the Missouri River sells it to the merchant in California at a small profit; and when it reaches the sewing woman there it costs her 5 cents a spool. It is better in value than what can be obtained on the other side for about the same price. But a majority of people who deal in six-cord thread in Great Britain make no profit at all on it. For instance, if you take a large house in London——

The CHAIRMAN (interrupting). I must apologize to the committee for bringing in this second speech. I do not care for the London fellows, how much they make or how little. We want this matter closed up as soon as is convenient to you.

Mr. FERGUSON. But it is the question of wages again. It is the low prices on the other side for the operatives. It is the low price at which the merchants handle the goods, the low price at which they are handled by the commission merchant, the jobber, and the retailer.

The CHAIRMAN. Yes; they all work for less profit there.

Mr. FERGUSON. Yes; and yet our people get spool cotton for 5 cents which is very much superior to what is manufactured on the other side.

Mr. BRECKINRIDGE, of Kentucky. What proportion does 7 cents per dozen spools bear to the net cost of your producing these dozen spools? When your dozen spools of cotton are ready to be sold by you, they of course cost you a net amount; you know what that amount is?

Mr. FERGUSON. Yes.

Mr. BRECKINRIDGE, of Kentucky. Then what relation does this 7 cents per dozen spools bear to the net cost?

Mr. FERGUSON. It gives us a protection, I think, of about 45 per cent.

Mr. HISCOCK. That is not what you were asked. Mr. Breckinridge wants to know what relation it bears to the cost of production.

Mr. BRECKINRIDGE, of Kentucky. You have a protection of 7 cents per dozen spools. Now, I want to know what the dozen spools of cotton cost you; net?

Mr. FERGUSON. I cannot answer that question without preparation.

The CHAIRMAN. That goes into your business affairs?

Mr. FERGUSON. It requires a very intricate calculation.

Mr. BRECKINRIDGE, of Kentucky. About what is the net cost per dozen spools?

Mr. FERGUSON. I would not like to undertake to tell it because it is a very intricate calculation; and, of course, as the chairman has said, it goes into my private affairs, and I do not know whether I would be given permission by my partners to publish the net cost of our goods. I think, as a matter of prudence that I ought to be entitled to exercise some judgment in regard to that.

Mr. BRECKINRIDGE, of Kentucky. Of course I do not want you to tell any secret, but when you come before us to say that you need a certain amount of protection because your goods cost you so much more than the foreign goods cost, one of the factors to enable us to understand the matter is the knowledge of what the goods cost you. Not merely what they cost you, but I want to know the average net cost of such goods in America.

Mr. FERGUSON. I still would not like to state it, because I cannot state it accurately.

Mr. BRECKINRIDGE, of Kentucky. I understood you to say that there was a careful going over of this subject by your association in 1883 before the Tariff Commission, and that you fixed a certain rate.

Mr. FERGUSON. It was based upon the cost of production on the other side. That was the amount which was considered by the thread manufacturers and the Tariff Commission.

Mr. BRECKINRIDGE, of Kentucky. You ascertained, not what the thread cost you to make, but what it cost the other fellows?

Mr. FERGUSON. Of course.

Mr. BRECKINRIDGE, of Kentucky. And then you ascertained what rate of duty you supposed would protect you?

Mr. FERGUSON. Yes.

Mr. BRECKINRIDGE, of Arkansas. You speak of the difficulty of determining your own cost of production. Did you find it easier to determine the cost of another man's production than of your own?

Mr. FERGUSON. We were then manufacturing on the other side.

Mr. BRECKINRIDGE, of Arkansas. Did the difficulty increase since you began to manufacture on this side?

Mr. FERGUSON. No. I cannot tell you at the moment the cost of production; but, of course, if I went through our books I could tell you what it costs to produce a dozen spools of thread. It depends upon the number, upon the price of cotton, and other things.

Mr. HARRIS. I understood you to say that yarn in the form of spool thread was worth 10 cents a spool during the war.

Mr. FERGUSON. That was the price of spool cotton.

Mr. HARRIS. And that now the price is 5 cents.

Mr. FERGUSON. Yes.

Mr. HARRIS. Please state the price of the raw material during the war, when the spool-cotton sold for 10 cents, and the price of the raw material now when the spool-cotton sells for 5 cents.

Mr. FERGUSON. I cannot give you the figures of the raw material.

Mr. HARRIS. Approximately.

Mr. FERGUSON. I cannot. I know that cotton was very high then, but the cotton from this country was not used for spool thread. In those days they used as much as possible of the Egyptian cotton which they could get very much cheaper than the cotton from this side.

Mr. HARRIS. You also stated that foreign yarn was now being imported into this country and sold at a less price than the domestic yarn, and that you suppose that that is attributable to wages.

Mr. FERGUSON. I did not say it was sold at less price than ours. I said that it was imported at less price. These yarns are imported and twisted, and used here and then sold.

Mr. HARRIS. Why is that so? You say that we make a better thread than is made abroad, so that sewing women who use it can do more work.

Mr. FERGUSON. Ten per cent. more work. In regard to the cost of cotton, I have here an actual transaction. The difference is all in the cost of transportation. It costs about five-eighths of a cent per pound more to take it to Liverpool than it does to take it to Rhode Island, but in Liverpool when the cotton is sold the tare is deducted, while here it is brought by gross weight and the tare is added to the market price of the cotton, so that the only difference in the cost would be about five-eighths of a cent per pound.

STATEMENT OF MR. ARNOLD B. SANFORD.

Mr. ARNOLD B. SANFORD, of Fall River, Mass., next addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: The subject which I wish to talk to you about has been pretty well covered by the gentlemen who have preceded me. I am a manufacturer of fine cotton yarns. That is my business solely. I do not put up anything on spools. Since we had the hearing here some three years ago I have been endeavoring to adjust myself to the duties which were lopped off at that time. On the 1st of March we were obliged, on account of labor agitations, to increase wages 10 per cent.

Mr. McKINLEY. How much had you reduced them?

Mr. SANFORD. Just three years ago, when we were here, we had been endeavoring to

make a reduction of 10 per cent. in our wages, but they have been restored now. It is a *bona fide* fact that we can import No. 60, No. 80, and No. 100 yarns cheaper than we can make them, and I am prepared to give the figures to the committee. As an instance, take a pound of No. 80 yarn. That can be bought in England at 27 cents per pound. That costs the American manufacturer to make it about 47 cents. Add the duties and cost of transportation to the price of the yarn in England, and you will find that it can be laid down here at 44½ cents a pound, or 3 cents less than we can make it. Of course, under the schedule as now proposed, you intend to take 4 cents off the duty, which would enable this English yarn to be laid down here at 40½ cents a pound. If you could only level wages for us, and give us the European rates of wages, we could manage it.

The CHAIRMAN. European labor is coming to you very freely. There is no tax upon it.

Mr. McMILLIN. How do you expect to compete with the foreign manufacturer when you have against you one-fifth of the cost?

Mr. SANFORD. We compete only in this way: We get a little better prices for the American product than is paid for the English product.

Mr. McMILLIN. Then they are not the same grade of goods?

Mr. SANFORD. They are supposed to be the same, but we make a better yarn.

Mr. McMILLIN. So your advantage after all is in the superior quality of your goods?

Mr. SANFORD. Yes; we try to make a good quality of yarn, and to make our reputation on it. We have had the foolishness to go to work and project another mill, hoping that we would be able to do better. At the present moment we are erecting a mill which will entail a cost of \$300,000.

Mr. McMILLIN. Where are your mills?

Mr. SANFORD. At Fall River, Mass. They are building mills at Lee and New Bedford, and the stockholders feel very badly over the proposed reduction of duties on yarns, knowing very well that if that reduction goes into effect they can not make any dividends. Since the fine yarns have been made in this country the competition of American manufacturers has served to bring down the price of English yarns very materially, and now it does not seem right that at this stage we should be crippled. If we are swept aside the price of fine yarns will be made higher to the consumers, and I presume that the object of this committee is to protect the consumers.

Mr. McMILLIN. If the result of the proposed reduction of duties would be to increase the cost of the material to the consumer, that would inevitably inure to the benefit of the manufacturer.

Mr. SANFORD. How would it inure to our benefit?

Mr. McMILLIN. You say that the reduction of duties will increase the cost to the consumer?

Mr. KELLEY. The witness's statement is that it will be of benefit to the fittest who will have survived.

Mr. SANFORD. That is just so.

Mr. McMILLIN. I understood the witness's statement.

Mr. SANFORD. I claim that by our competition we have made yarns cheaper.

Mr. MILLS. Perhaps the fellows on the other side helped some in that competition.

Mr. SANFORD. Probably so.

Mr. MILLS. Is it not a fact that they did help?

Mr. SANFORD. I presume that foreign competition had some weight in it, but American enterprise on this side had ten times more weight. Comparatively speaking, it is a new business to us.

Mr. BRECKINRIDGE, of Kentucky. Then you can make these yarns now so as to sell them much cheaper than you did at the beginning?

Mr. SANFORD. Yes.

Mr. BRECKINRIDGE, of Kentucky. Of course the result of competition which would reduce prices to the consumer must in some way or other either reduce the cost of production or reduce the profit to the manufacturer. Which has it done in this instance? Have you reduced the cost of production or have your profits been reduced?

Mr. SANFORD. Under the last reduction of duties in 1883 we have endeavored to pare down everywhere that we could.

Mr. McKINLEY. And you have made improvements, I suppose?

Mr. SANFORD. Yes.

Mr. BRECKINRIDGE, of Kentucky. I understood you to say to the committee that the great benefit had been that by home competition you had reduced the price of yarns to the consumer.

Mr. SANFORD. Yes.

Mr. BRECKINRIDGE, of Kentucky. Is that reduced price to the consumer the result of a reduced cost of the manufacture of the article, or is it the result of your giving up part of your profits?

Mr. SANFORD. We have not had much profit for the last two years.

Mr. BRECKINRIDGE, of Kentucky. Then it has been through reduction in cost of production?

Mr. SANFORD. Yes.

Mr. BRECKINRIDGE, of Kentucky. By increased facilities in machinery, or how?

Mr. SANFORD. By improved facilities in machinery and by taking advantage of everything possible.

Mr. BRECKINRIDGE, of Kentucky. And that has been done under the stimulus of home competition?

Mr. SANFORD. Yes.

Mr. MILLS. Have you increased the wages of your employés since 1884?

Mr. SANFORD. Yes; on the 1st of this month we increased wages 10 per cent. On the No. 80 yarn, which I make in Fall River, that 10 per cent. increase of wages means just 2 cents a pound additional cost of yarn.

Mr. MILLS. Prior to that time had you reduced your wages 10 per cent.?

Mr. SANFORD. We had reduced wages 10 per cent. in 1884.

Mr. MILLS. And you have put them back now?

Mr. SANFORD. Yes; we have just restored them.

Mr. MILLS. So that the wages which you pay now are the same that you paid in 1884?

Mr. SANFORD. Yes; but we are trembling every day lest there should be a demand for another 10 per cent. There are mutterings in the air that our employés must have more wages than they now get.

Mr. MILLS. Had you made a reduction of wages prior to the one in 1884 which you refer to?

Mr. SANFORD. No. We only reduced wages once in the business, and then restored them back. We need all the protection that we now enjoy, and in fact we should have a little more if we could get it.

The CHAIRMAN. What is the duty on the yarn that is sold in competition with yours?

Mr. SANFORD. There is danger in the classification proposed in the bill. Where you speak of a coarse yarn you say: "Value not to exceed 25 cents per pound."

The CHAIRMAN. We say what the law of 1883 says. Take one of the classifications.

Mr. SANFORD. The first is: "Value not to exceed 25 cents per pound."

The CHAIRMAN. The duty now is 10 cents.

Mr. SANFORD. Yes; and you propose to make it 8 cents.

The CHAIRMAN. Yes.

Mr. SANFORD. This No. 80 and No. 100 yarn can be made on the other side and brought over here under this classification. Right there is a point to which you have not probably given that looking into which we think it ought to have. We ought to get protection in regard to those classes. No. 80 yarn can be imported under that classification.

The CHAIRMAN. What do you mean by No. 80 yarn?

Mr. SANFORD. That means that so many yards of it make a mile.

The CHAIRMAN. At what rate is it dutiable in this bill?

Mr. SANFORD. You put 10 cents a pound on that.

The CHAIRMAN. The very lowest ad valorem rate you can get under it will be 32 per cent.

Mr. SANFORD. That makes it 33½ per cent.

The CHAIRMAN. That is the lowest rate.

Mr. SANFORD. That is the rate I am speaking about now. That is what we get under the tariff bill of 1883.

The CHAIRMAN. When you get down to yarns worth 20 cents a pound, then the ad valorem rate would be 50 per cent?

Mr. SANFORD. The way I have it here is this. Under the old rate of duty the yarn which would cost 20 cents a pound would pay 14 cents duty. The present rate is 10 cents. On yarn costing 25 cents a pound, the old rate is 15 cents and the present 10.

The CHAIRMAN. What is the next product after the yarn?

Mr. SANFORD. The yarn, after it arrives here, is twisted and doubled and goes into upholstery goods, silk goods, and various goods of that kind.

The CHAIRMAN. That yarn pays 50 per cent. ad valorem, but when it is got into cotton goods it will not, under this tariff, pay more than 40 per cent. at the highest rate; so that the duty on the unfinished product (or on the only partially finished product) is higher than the duty on the finished article. Now, we are not proposing to reduce the duty on fine cotton goods. We leave them as they are. And on these lower grades of cotton goods which you use to go into the materials of which the others are made (adding additional labor), we are trying to get the duty a little down, so as to help the man who makes the cloth.

Mr. SANFORD. These yarns are not low-grade yarns; they are fine yarns.

The CHAIRMAN. I do not care how fine they are; they go into cloth, and no cloth is protected to the same extent as these yarns.

Mr. SANFORD. My dear sir they do not make much cloth.

The CHAIRMAN. What do they make?

Mr. SANFORD. They go into upholstery goods and various other things.

The CHAIRMAN. As long as you pass them off for cotton goods you do not get as much duty upon them in the finished article as you do in their unfinished state of yarn. None of them ever paid more than 35 per cent. ad valorem until three years ago, when they put cotton velvets at from 35 to 40 cents; and yet they are not up to the rate of that yarn.

Mr. SANFORD. What benefit is it to these goods to take the duty off ours? What benefit can accrue to them?

The CHAIRMAN. Suppose the man who makes the cloth can make it cheaper by reducing the duty on these yarns?

Mr. BRECKINRIDGE, of Arkansas (to Mr. Sanford). You do not make the cloth, do you?

The CHAIRMAN. No; he makes the yarns, and he is protected higher to-day than the man who makes the cloth out of the yarns—the man who puts all this valuable labor on his yarns to convert them into cloth.

Mr. SANFORD. I do not think so. I have not gone over your cloth schedule.

The CHAIRMAN. The theory of all tariffs, whether for revenue or protection, is that the finer the finish of goods and the more costly the goods are the higher the rate of duty should be.

Mr. REED (to the Chairman). Does a pound of yarn produce a pound of cotton cloth?

The CHAIRMAN. No; but a part of the cost of cotton cloth is the yarn.

Mr. REED. Is the duty imposed by weight?

The CHAIRMAN. No; it is an ad valorem rate, and if you are only going to give a duty of 40 per cent. on the finished article you certainly should not impose a duty of more than 40 per cent. upon any of the ingredients.

Mr. REED. Are the finished article and the yarn equivalent under that calculation?

The CHAIRMAN. Equivalent in value.

Mr. REED. Equivalent in actual duty. If they were it would be shown in the importations. If the yarn were kept out and made higher priced on account of the duty, then certainly more of the cloth would be imported, so that it would show itself in results. The argument can be put to the test of actual importations.

The CHAIRMAN. I think that the cloth has all the protection it ought to have, and that the yarns have too much protection.

Mr. REED. This gentleman, who is a practical man, says that the yarns are not sufficiently protected because they can be imported. If they can be imported 3 cents a pound cheaper than they can be produced here (as he says they can be), they certainly are not protected; and if it is not shown that the cloth is imported in greater proportions, then there must be some fallacy in your argument—necessarily so because it is put to the test of facts.

The CHAIRMAN. Turn to the Treasury returns and you will see.

Mr. REED. This is a subject which I have not investigated.

The CHAIRMAN. I am stating the fact that the higher grades of cotton goods are dutiable at 40 per cent., and that most of these yarns pay a higher rate of duty than 40 per cent.

Mr. REED. That does nominally prove the thing; unless they are equivalent, and the result shows that they are not equivalent; so you must be mistaken about that.

Mr. McMILLIN. The witness says that the yarns imported from abroad are not equal to those produced here.

Mr. REED. He says that some of them are not used in the manufacture of the kind of cloth with which the Chairman is making this comparison. There is another element of mistake. But the grand test is, are more cotton cloths imported than yarns? The evidence shows that yarns are imported, and cotton cloths also; and if that be the case there must be some fallacy in it.

The CHAIRMAN. That is not true in this. The higher grades of cotton manufacture of velvets are to a considerable extent imported, and certain yarns are imported.

Mr. MILLS. In the tariff of 1846 the duty on wool (the raw material) was made 30 per cent., and the duty on manufactured goods out of wool 25 per cent.; and the result was the utter destruction of the manufacture of those goods in this country.

The CHAIRMAN. I do not mean to say that the yarn in a given quantity of cotton cloth pays a higher rate of duty than the cotton cloth itself pays, but I mean that the rate per cent. is higher; and to the extent that yarn does enter into cotton goods, the yarn is better protected than the cotton goods themselves.

Mr. REED. Why should we care, when it is shown that under the present rate of duty

the yarns are not protected and that the cloth is protected? Why go into these partial figures when what we are after is not partial figures but grand total results?

The CHAIRMAN. I am talking about grand total results. You have not looked into the figures, and therefore the things that you say do not exactly fit.

Mr. REED. Either way the thing comes out all right. It is no answer to a proposition that you are selling one thing to say that you ought to be selling the other thing. My theory is just the reverse of that. You claim that the duty on yarn is too high; and I say that if your theory is right, we ought to reduce the duty on yarn and raise it on cotton cloth. Then you answer that the cotton cloth is protected, and I say it ought to be.

Mr. SANFORD. The chairman was speaking about the injustice done to the man who makes the finished product, because the yarns which he puts into his cloth may pay a higher rate of duty than the cloth itself. The cloth manufacturer is protected in other ways. He is not suffering any injustice by the duty which he pays on yarns.

Mr. HISCOCK. You mean to say that so little of the yarn goes into his cloth that the amount of it is not appreciable?

Mr. SANFORD. What I claim is that in this classification there is a great danger to the yarn interest to-day. If you want to know how many miles in No. 100 yarn, I can give it to you.

The CHAIRMAN. There so many yarns spun here every day that I do not care to know.

Mr. SANFORD. Perhaps I am spinning my yarn longer than I ought to.

The CHAIRMAN. No, sir; you are stating your case very intelligently and we are listening to you with pleasure.

Mr. SANFORD. I have put my money into this thing and I contend that by our industry and enterprise we have brought down the price of English yarns in this country and will do it still more if we are permitted to continue in our business; but we do not want to be handicapped and crippled just as we are starting out. We are trying to get along with other matters outside of labor. We cannot level our labor down so as to compete with our English competitor.

Mr. McMILLIN. Does he not get his machinery cheaper than you do?

Mr. SANFORD. Certainly, and he gets other things cheaper. You have got to level these things down for us.

Mr. BRECKINRIDGE, of Arkansas. Would not free machinery be a great aid to this manufacturing industry?

Mr. SANFORD. I do not know that it would be a great aid to it. The English get their machinery somewhat cheaper, but I do not care to enter into details of cost of machinery here and there. We want consumers here to be in a condition to be able to buy our products.

Mr. BRECKINRIDGE, of Arkansas. That all enters into the cost of production.

Mr. SANFORD. I have been trying to sell some yarns in the State of Pennsylvania, to a man who had just come over from the other side and established his factory in Pennsylvania to make certain goods. He says he came by the aid of protection. I told him in my letter that I thought he must be mistaken in regard to the cost of foreign yarns. He says he was not mistaken; that he has gone through the matter very carefully, and that the cost of these yarns laid down in New York is 47 $\frac{27}{100}$ per pound, exclusive of the discount of 2 $\frac{1}{2}$ per cent. for cash. I have been trying to sell him the same yarn, but I could not make it for that price.

Mr. McKINLEY. You say that this man has come over from the other side and started an industry here. What industry?

Mr. SANFORD. A lace manufactory. I could not sell him my yarns. He says he would like to trade with me; that we make better yarns; and that he is willing to give the same price as he can get the foreign yarns at, but not any more. If you take three or four cents a pound more off the duty, he will get his foreign yarns cheaper still. They are all ready to be sent over here and to overflow us.

Mr. BRECKINRIDGE, of Kentucky. There is no way to prevent foreign manufacturers like Mr. Ferguson bringing over their capital here and competing with you?

Mr. SANFORD. No, sir.

Mr. McKINLEY. You do not object to that. They bring in their capital and employ our labor.

Mr. SANFORD. This is a comparatively small industry, and there are not more than half a dozen factories in the country. I do think that we ought to have a chance of growing, and get upon our feet. This reduction of duty to the amount of 33 $\frac{1}{3}$ per cent. which we suffered in 1833 has borne hard upon us.

WORSTED YARNS.

STATEMENT OF MR. T. C. SEARCH.

WASHINGTON, D. C., *March 11, 1886.*

Mr. T. C. SEARCH, of Philadelphia, addressed the committee. He said:

MR. Chairman and Gentlemen: We appear before you in behalf of the Philadelphia Association of Textile Manufacturers, trusting we may present some points that may interest your committee in prejudging the effect of the proposed reduction of the tariff on textile products.

In support of the worsted yarn industry working English or coarser wools we submit the following statement of relative costs to show the advantage given the English spinner by our present laws on the subject. (See Appendix A.)

A prominent English manufacturer makes the following offer and statement to show what can and what cannot be done by him to supply American manufacturers of goods with fine yarn.

He offers to furnish 1-80 worsted yarn and pay duty of 35 cents, and 40 per cent. for \$1.7188, and 2-80 for \$1.9173, and says the same yarn would cost from same wool if made by the American spinner \$1.4067 and \$1.5747.

The duty being 35 cents, and 40 per cent. ad valorem, prevents him from selling his yarn in America.

He then offers to furnish 1-70 worsted yarn and pay duty of 24 cents and 35 per cent ad valorem for \$1.2865, and 2-70 and pay duty of 35 cents and 40 per cent. ad valorem for \$1.5759, and says the same yarn made from the same wool by the American spinner would cost if 1-70 \$1.2726, if 2-70 \$1.3926.

The duty on 1-70 being 24 cents and 35 per cent. ad valorem, he can furnish the yarn within a fraction of cost here, but 2-70 are cut out by reason of the 35 cents and 40 per cent. ad valorem duty.

He then offers to furnish 1-60 worsted yarn and pay duty of 18 cents and 35 per cent. ad valorem for \$1.0068, and 2-60 and pay duty of 24 cents and 35 per cent. ad valorem for \$1.1764, and says that such yarn made from the same stock by the American spinner would cost for 1-60 \$1.0969, and for 2-60 \$1.1919, showing a difference in his favor of 9.69 cents on sing'le yarn and 1.45 cents on double yarn. The actual difference is much greater, since the American cost of manufacturing is very much larger than this English manufacturer admits in his calculations.

Thus it will be seen that the lower the number of the yarn the more easily he meets our present tariff until with No. 60 and below he is able to meet and successfully compete with and, in fact, undersell our American products.

The quantity of 2-40 botany yarn used in America is many times in excess of 2-60, 2-70 and 2-80 combined, and, as we have already shown, at 2-60 and below competition is successful, and the foreign yarn has the market, while the American manufacturer is compelled to stand by and witness a large trade either passing away or our wool producers forced into a position where they must sell their product at ruinous rates in order to dispose of it.

This is the present condition of the fine-yarn trade, and notwithstanding this, it is proposed to still further reduce the schedule.

The worsted goods market is practically in a similar condition, being constantly flooded with foreign goods. Woolen goods having hitherto had a higher schedule, although made from the same grades of wool and not one iota more woolen material than the worsted, in fact not so much, their manufacture has been comparatively profitable. This condition of affairs is now proposed to be changed, not by putting up the tariff on worsted goods so as to make their production remunerative, but by reducing that of woolen goods, and thus stagnate this industry in common with the other. The Philadelphia manufacturers respectfully submit that this is not a wise policy nor a just one. It is unjust to our manufacturers of yarns, unjust to our manufacturers of goods, unjust to our farmers, and unjust to our workmen, who must eventually share in the misfortune.

In support of the position here assumed relative to worsted goods, the statistics of import show that in 1882 we imported \$799,043 worth, and in 1885 \$3,207,886. Worsted-yarn importation rose from \$416,007 in value in 1882 to \$1,048,743 in 1884, while the last five months' statistics from Bradford alone shows \$677,939 invoiced for the United States.

Knit-goods imports rose from \$952,328 in 1882 to \$2,113,951 in 1885.

We estimate that it would require the yearly clip from five million of sheep to furnish the wool necessarily consumed abroad in manufacturing the woolen and worsted

goods sent to the United States in 1865, and not less than the product of fifteen hundred broad looms running for one year was sent here in cloths alone, without including the 63,000,000 square yards of dress goods that was also imported. Surely no reduction is necessary for the welfare of our country in these items.

The zephyr-yarn industry has been entirely lost for want of proper protection. These yarns can now be landed here for 87 cents and 90 cents in the gray, while the cop alone would cost us as much, saying nothing of the cost of spinning, drawing and twisting, and waste.

The reduction contemplated on wools of the third class would certainly affect the wool-growing industry adversely.

Wools which now pay 5 cents duty would pay only 2.8 cents. This would admit best grades of washed Russian, East Indian, and Mediterranean wools at the same rate as the poorest unwashed stock, and seriously affect the lower grades of Pennsylvania, Indiana, Illinois, Missouri, and other State wools, as well as those of Colorado, New Mexico, and Texas.

From many parts of the West freight alone on wool is 3 to 4 cents per pound, while $\frac{5}{8}$ cents to $\frac{3}{4}$ cents per pound will bring it from England, and $\frac{7}{8}$ cents to $1\frac{1}{2}$ cents from Russia or Mediterranean countries. The reduction of 1883 compromised the situation of our wool-growers, and the proposed change will do it still further.

The present tariff confines the manufacturer's importations of wool of the botany character to the highest cost and lightest shrink-wools, as the only market he has is the one where the use of the very best and highest cost yarns is a necessity.

APPENDIX A.

[Prepared by Richard Williamson, of Philadelphia.]

Memoranda for consideration of the Committee on Ways and Means, showing conclusively that worsted yarns under the present tariff can be imported at a considerably less price than they can be produced for in this country.

See figures as follows, namely:

Cost to the American manufacturer of yarn made from English wool:

100 pounds wool, at 20 cents per pound	\$20 00
duty on 100 pounds of wool	10 00
freight, insurance, and charges	2 00
cost landed here	32 00
21 pounds shrinkage in washing.	
79 pounds scoured wool.	
11 pounds of noil, worth 24 cents per pound, deduct	2 64
68 pounds of top which would cost, net	29 36
8 pounds of waste from top to yarn.	
60 pounds of yarn from 100 pounds of wool.	
60 | 29.36 | 49 cents.	
21 cents, cost of manipulation.	
70 cents per pound actual cost.	

Then take cost in Bradford from the same wool and add duty on the yarn as per tariff:

100 pounds of wool at 10 <i>d.</i> per pound is equal to	\$20 00
21 pounds shrinkage in washing.	
79 pounds scoured wool.	
11 pounds noil, worth 9 <i>d.</i> , or 18 cents per pound, deduct	1 98
68 pounds top	18 02
8 pounds waste.	
60 pounds yarn from 100 pounds of wool.	

60 } 18.02 { 30 cents per pound.
7½ cents, cost of manipulation.

37½
12 cents per pound specific.
13 cents per pound ad valorem, or 35 per cent.
2 cents freight, insurance, and charges.

64½ cents to land it.

It costs here to produce.....	Cents. 70
The same can be landed.....	64½
Difference per pound in favor of the English spinners, 8 per cent., or equal to....	5½

Please observe that these figures are based upon the same wool, giving the same results in shrinkage, noil, and waste in every particular. The difference is principally in wages, which I respectfully submit to you as follows, viz:

	England.	America.	Differ- ence.
	s. d.		Per cent.
Drawers.....	9 0	\$6 00	178
Rovers.....	8 0	5 50	175
Twisters.....	8 6	5 00	150
Winders.....	8 0	5 50	160
Overseers.....	30 0	16 00	175
Mechanics.....	30 0	17 00	126
Engineers.....	32 0	18 00	125
Spinners.....	8 0	5 00	150

Coals, gas, rents, and all sundries are very much higher here than in England.

FLAX AND LINEN THREAD.

STATEMENT OF MR. WALTER C. HARRIMAN.

WASHINGTON, D. C., March 12, 1886.

Mr. WALTER C. HARRIMAN, of Massachusetts, addressed the committee. He said:

Mr. Chairman, I represent the importers of Boston—J. R. Leeson, the Devonshire linen thread importers, and Finlenson & Co., of Scotland, who also have a large flax mill near Worcester, Mass. I am here to represent them. Unlike some gentlemen from the agricultural region, we desire to be “dickered” with. What we ask is to have flax put upon the free-list. Our reasons are that this linen thread is manufactured out of imported flax. No linen thread is manufactured anywhere in this country out of flax grown in this country. Consequently there is no flax industry here to protect. To put it in a few words, the imposition of a tariff on the importation of flax is no protection, nor is the taking off of the duty on flax free trade. It seems to me that this is a case where all the jarring and discordant elements here in Congress can unite. Of course, if there is any reason why flax should not be put upon the free-list it is because it is grown in this country (I mean flax for the manufacture of linen thread); and if the flax grown in this country can be manufactured into linen thread, we do not want the duty put on flax. So I submit that our position here is consistent. There is flax grown in Illinois and in some other parts of the country for the seed. There is flax grown in New York State to some extent, not for seed but for fiber; but that fiber is made, I believe, into crash and twine (not into thread), and into a coarse grade of goods. If there were flax grown here that could be manufactured into linen thread we would be glad to get it and not have flax put upon the free-list.

Mr. HISCOCK. I suppose that so far as flax is used here the importation of foreign flax would drive the use of American flax out. Is there any doubt about that?

Mr. HARRIMAN. I do not see why it should.

Mr. HISCOCK. They can produce it abroad cheaper than we can produce it here.

Mr. BRECKINRIDGE, of Arkansas. I suggest to Mr. Harriman that he had better present his proposition to the committee in the shape of putting on the free-list all flax suitable for making thread, and then give us the proper definition of thread, because we do not produce any flax which goes into thread.

Mr. MCKINLEY. It would be all suitable for thread if it were free.

Mr. HARRIMAN. I have no objection to fixing this matter up so that the Canadian flax or any flax that comes in competition with our flax may be excluded. So what we simply ask is to have flax (used in the manufacture of linen thread) put upon the free-list; and certainly I cannot conceive any objection that can be made to that.

The CHAIRMAN. Another gentleman made the same point to us last week which you are making now. He exhibited specimens of flax, and some gentleman of the committee asked whether there was not some other flax that would come in competition with that grown in this country, and I think the answer was in the affirmative.

Mr. HARRIMAN. Never until I came here did I hear that there was such a flax grown as Canadian flax.

Mr. HISCOCK. Is not American flax used for any of the things which you manufacture?

Mr. HARRIMAN. Some flax is raised here which is made into twine and a coarse grade of goods.



WOOL AND WOOLEN GOODS.

STATEMENT OF MR. JOHN G. CLARK.

WASHINGTON, D. C., *March 13, 1886.*

Mr. JOHN G. CLARK, of Washington County, Pennsylvania, farmer, opened the discussion on the part of the wool-growing interest. He said:

Mr. Chairman and Gentlemen of the Committee: It is with great embarrassment I present myself before you at this time. And yet I confess the pleasure I have in leaving my quiet country home and coming to the Capitol to look on the faces of those who hold the destiny of this great nation in their hands. Perhaps there is a fitness in my coming from one of the great wool-growing centers, Washington County, Pennsylvania, and direct from the farm. Having devoted the best part of my life to the care of sheep, I can speak from experience. Washington County alone is put down in last census report at 461,120 sheep. The adjoining counties in Pennsylvania, Ohio, and Virginia are also largely engaged in this industry. The sheep are distributed all over the country, mostly in small flocks, and until recently some were found on nearly every farm. The country I represent is well adapted to raising sheep. It is made up of hills and valleys, covered with rich pastures, and well supplied with springs and running water. Soon after the settlement of this district the enterprise of the people was turned to the manufacture of whisky. Our ancestors distinguished themselves by inaugurating the whisky rebellion as far back as the administration of Washington. Corn and rye were raised to supply the distilleries until the soil became barren. Whisky was the great staple and the only article of export. As the soil became exhausted the owners became poor instead of rich. But about this time the fine-wooled sheep were introduced, and gradually the barren pastures began to take new life. The hillsides that were bare and furrowed with the rains in course of years became coated with grass. The cereal crops gradually increased until they are more than doubled.

The sheep, by consuming the products of the farm, have so enriched the soil that it has not only been restored to its original fertility, but even better. Is it strange, then, that wool-growers should want to hold on to their sheep? Under the tariff act of 1867 we had fair living rates. Men devoting their time to sheep-raising and wool-growing, and with ordinary care and economy in spending, could live well, could educate their children, could place them on an equality with those engaged in other pursuits. If any one entertains the idea that wool-growing has created a wealthy class, at the expense of the consumer, they are entirely mistaken. I venture the assertion that the man who has made sheep and wool growing his principal business for the last thirty or forty years, and has fully met his obligations to his family, and as a progressive citizen of the community, has but a fair competence left for old age. This would include the time covered by the tariff act of 1867, which has been most favorable to the growth of our flocks. Washington County, Pennsylvania, increased her product of wool from 1,062,752 pounds in 1870 to 2,416,866 in 1880. I am not prepared to give the average price paid for wool during this period, but it was sufficient to stimulate the grower and call forth his best efforts in this direction.

Now, what can be said of the workings of the tariff act of 1883? I have addressed letters of inquiry to a number of our thinking farmers in different parts of the country, and taking the average of their estimates, the cost of keeping one sheep one year is \$2.13, and the income derived for one year is \$1.74, making a loss of 39 cents on each sheep.

The result has been the sacrifice of a great many of our sheep. Sheep that ought to have brought to their owners \$2 or \$3 each have been sold during the years 1884 and 1885 at any price—10 cents, 25 cents, or 50 cents each. Sheep worth \$4 or \$5 each have been selling at \$1 or \$2 per head. Many farmers have abandoned wool-growing already. I cannot give the reduction in numbers, but I know it is large. One prominent grower and wool-buyer puts it at one-fourth of the whole, which would be over 100,000 in my

own county. Others estimate it at 40,000 or 50,000. And unless we have an advance in wool this decrease will continue. Many still keep sheep from force of habit, having always kept them, and still hoping for a change. But we cannot grow wool in competition with the Australian, or rather the Englishman on Australian lands. He has but little expense, except his herdsmen, and that is trifling. And in British India and other warm climates, where the laborer is paid but a few cents per day, and where his wants are but few in comparison to the laborer in this county, wool can be grown and placed on our markets at a price that will seriously cripple this industry here, if not entirely destroy it. But will it pay? Who will be benefited? As the civilization of the world advances the demand for woollen goods increases. The markets of the world must be supplied. Break down this industry at home and the speculator and monopolist will control the market and the consumer will pay higher rates for his cloth.

This has been the experience of the past. The times when consumers of woollen goods were most able to clothe themselves and families have been the times when the wool-growers have had fair and steady protection. We are not asking prohibitory rates. There was nothing oppressive to any one in the rates of 1867. They gave the American grower an assurance that he would not be crowded out by cheap importations of wool or cloth, and at the same time placed woollen goods at fair prices. Is it not a reasonable thing for us as growers to ask the restoration of those rates. Gentlemen of the committee, we do ask to have them restored or something equivalent. We have our capital invested in stock and buildings fitted for this purpose. It will be a heavy sacrifice of property to abandon it. We need our sheep to keep up the fertility of our soil in order to make grain-growing profitable. A great deal of time and money have been expended in improving our breeds of sheep, and if the present unprofitable rates continue this will be a loss not only to the owners but a national loss. A few years such as 1884 and 1885 will undo the work of the last half century. The wealth of the individual citizens make up the wealth of the nation. Legislation should aim to develop every industry and more especially those in which all are interested. The importance of clothing the nation is second only to furnishing the food. Especially in time of war, and it is liable to occur at any time, the necessity of growing our own wools is apparent. This is so self-evident I need not dwell upon it.

But we ought to have a national pride as American citizens in growing our own wools. We can produce the best in the world. The God of nature has adapted our soil, climate, and surroundings for this very end. Our home-grown wools are the strongest, most elastic, and possess all the requisites for the very best goods. Their production ought to be encouraged. It would add millions to our national wealth. It would give employment to millions of our laboring men. I know the advocates of free trade say some beautiful words about the brotherhood of man, and dwell on the text "that God has made of one blood all the nations of the earth," but I like better the sentiment that a man shall provide for his own household, and a nation shall first look to the interests of her own children.

I would emphasize the following points:

(1) The first and highest object of a Government is to provide for the welfare of all the citizens.

(2) Our national wealth must be based on the products of the soil. Legislation in the interest of the farmer is beneficial to all classes.

(3) The different industries are so closely connected that any legislation injurious to one is injurious to all.

(4) The tariff of 1867 gave such an increase of the flocks of the United States that wool became lower during the latter part of its existence than it was at the time when it came into operation.

(5) The act of 1883 is a backward step, discouraging to the three millions of men engaged in wool-growing, and paralyzing the business to such an extent that if continued it must seriously diminish if not entirely cease.

These, gentlemen, are my views thus hastily sketched out. I am not accustomed to speak in a public way. The statement that I have made contains my views as to the matter, as nearly as I know how to express them. I will endeavor to answer to the best of my ability any questions which the committee may see proper to ask.

Mr. BRECKINRIDGE, of Kentucky. Washington County, Pennsylvania, now makes very little whisky, I believe?

Mr. CLARK. Very little.

Mr. BRECKINRIDGE, of Kentucky. And it is a very rich county?

Mr. CLARK. It has the reputation of being rich.

Mr. BRECKINRIDGE, of Kentucky. I believe that in the agricultural statistics it stands as one of the very highest counties of America.

Mr. CLARK. Yes, and that is attributable to its wool and sheep.

Mr. BRECKINRIDGE, of Kentucky. What is the average value of its lands?

Mr. CLARK. I am not very well informed as to the average value of lands. Lands in Washington County sell at from \$40 per acre to \$100 and \$200 per acre, according to location. Those near the county seat and near towns bring from \$100 to \$200 per acre. The value depends also upon the improvements, upon roads, and upon situation, very much.

Mr. BRECKINRIDGE, of Kentucky. It is a very rich coal country, too?

Mr. CLARK. Yes.

Mr. BRECKINRIDGE, of Kentucky. There are a good many coal lands in it.

Mr. CLARK. The northern portion of the county is a coal region. And there is coal in the southern part, too; but it lies so deep (500 or 600 feet below the surface) that none is being taken out.

Mr. BRECKINRIDGE, of Kentucky. What would be considered a large farm in Washington County?

Mr. CLARK. I would suppose that a farm of 150 acres would be considered an average farm. I know of no farm of over 1,000 acres, I believe; but there are only one or two of that size.

Mr. BRECKINRIDGE, of Kentucky. And they range down from that to quite small holdings?

Mr. CLARK. Yes; to 5 acres or $\frac{1}{2}$ of an acre.

Mr. BRECKINRIDGE, of Kentucky. But the average would be, you think, from 150 to 175 acres?

Mr. CLARK. Yes.

Mr. BRECKINRIDGE, of Kentucky. What are the other agricultural products of your county besides wool?

Mr. CLARK. It is a stock country principally; but considerable grain is shipped to market also. Cattle and hogs, I suppose, would come in fully as large as any of the cereal crops. I mean cattle and hogs raised for exportation and sale.

Mr. BRECKINRIDGE, of Kentucky. You also raise cereals for exportation?

Mr. CLARK. Yes. The farmers nearly all run a mixed business of stock and grain. Most of the farmers feed the bulk of their grain, except wheat, which of course is for the consumption of man; but they feed corn and oats. In the northern end of the county there is considerable barley grown for distillation.

Mr. BRECKINRIDGE, of Kentucky. What is the principal breed of sheep that you have in Washington County?

Mr. CLARK. The merino sheep—fine wool sheep. There are a great many classes; but of all of them the merino is the predominant class of sheep. They furnish fine and very heavy wool.

Mr. BRECKINRIDGE, of Kentucky. They are not kept in very large flocks by individual owners, are they?

Mr. CLARK. They are not.

Mr. BRECKINRIDGE, of Kentucky. What is the average size of the flocks of sheep?

Mr. CLARK. The average would run between one hundred and two hundred. Some farmers keep fifty sheep, seventy-five, one hundred, two hundred, three hundred, four hundred, five hundred, six hundred, and eight hundred, and perhaps in one or two cases a thousand.

Mr. BRECKINRIDGE, of Kentucky. Has it been found in Washington County that when you increase the size of a flock you increase the number and the fatality of the diseases to which sheep are subject?

Mr. CLARK. Yes.

Mr. BRECKINRIDGE, of Kentucky. Do you not think that if sheep are increased in your small holdings (where there is not much range, or where they range year by year over the same fields) after you get beyond a certain number they become unprofitable on account of disease?

Mr. CLARK. We learned that long ago. My father was an extensive wool-grower, and I commenced business when I was able to run about; and we learned that long ago.

Mr. BRECKINRIDGE, of Kentucky. When I was a little boy, too, I used to see some of the flocks of Washington County.

Mr. CLARK. We learned long ago that it was good policy to keep sheep in small flocks and to take good care of them. I should think they were much healthier now than they were forty years ago.

Mr. BRECKINRIDGE, of Kentucky. You found that beyond a certain number they were unprofitable?

Mr. CLARK. Yes; and the large flocks have diminished. There was a time (perhaps forty years ago, when I was quite young) that I knew a number of men living in and about the town of Washington who kept large flocks. Some of them lived in the town and had their sheep attended to by hired labor. That system seems to have all passed out of existence. They could not make it profitable in that way. The business seems

to require the special attention of the man interested. The owner is much the best person to take care of the sheep.

Mr. BRECKINRIDGE, of Kentucky. And you now have in Washington comparatively small flocks, with houses for them in the winter for protection?

Mr. CLARK. Yes.

Mr. BRECKINRIDGE, of Kentucky. Your winters in Washington County are pretty severe?

Mr. CLARK. Yes.

Mr. BRECKINRIDGE, of Kentucky. What is the average production of your sheep, per head, in wool—the average yield of the fleece?

Mr. CLARK. The calculation is that the average yield is five pounds of wool to the sheep. Most of the calculations are based upon five pounds of wool at 30 cents to the pound, making \$1.50 per sheep. Men handling wool have told me that the average fleece is nearer four pounds than five pounds. It is a little difficult to find out just exactly what it is without going to some extra pains, because some wool-growers take a little pride in having high averages.

Mr. BRECKINRIDGE, of Arkansas. What do you consider the ratio between a flock of sheep and the acreage of land? Does it take one acre or two acres to keep a sheep?

Mr. CLARK. Taking the year through (that is, the produce of pasture, hay, and grain), 200 sheep on 100 acres would be about the average.

Mr. BRECKINRIDGE, of Arkansas. Of good grass land?

Mr. CLARK. You understand that I mean that for pasture, hay, and grain the year around. Then I want to say, in connection with that, that the owner of the land will keep such stock as is necessary on his farm at the same time. In addition to the sheep, he will keep his farm team (either two, three, or four horses), some cows, &c.

Mr. BRECKINRIDGE, of Arkansas. You have a flock of sheep?

Mr. CLARK. Yes.

Mr. BRECKINRIDGE, of Arkansas. How many sheep have you?

Mr. CLARK. About 900. I am considered at present one of the largest sheep raisers in the county. The flocks have decreased from what they were.

Mr. BRECKINRIDGE, of Arkansas. How large is your farm?

Mr. CLARK. I have two farms containing about 500 acres, I should say (with some timber land). I keep the sheep on both farms, and frequently change them from one to the other.

Mr. BRECKINRIDGE, of Arkansas. I want only the extent of the open land which produces crops and grass. Timber land cuts no figure in the calculation.

Mr. CLARK. Our timber land is inclosed, and produces considerable grass. But I suppose that there is 520 acres of grass-producing land on the two farms.

Mr. BRECKINRIDGE, of Arkansas. How many acres have you in fields?

Mr. CLARK. The whole thing is divided up in fields. I have small lots amounting from one to two acres, and up to as much as twenty acres to the field.

Mr. BRECKINRIDGE, of Arkansas. Have you figured up the ratio of sheep to the acre?

Mr. CLARK. No, sir.

Mr. BRECKINRIDGE, of Arkansas. I would be glad if you would figure up and let me know what the figures are. I want to know how many acres you have on your farm other than woodland. At what age does a sheep reach full growth to be ready for the market?

Mr. CLARK. A sheep that is well kept matures about a year sooner than one that is not well kept. Sheep that are well fed from infancy mature in about three years; but unless a little more than ordinary care is taken of them it requires four years for them to mature.

Mr. BRECKINRIDGE, of Arkansas. What is the value of a sheep (either three years or four years old) fed and ready for market as a mutton sheep?

Mr. CLARK. That is a little difficult to tell.

Mr. BRECKINRIDGE, of Arkansas. Have you never sold any.

Mr. CLARK. I feed for mutton a class of sheep which are called wethers. But we have other sheep that are not well calculated for mutton, although a good many of them are turned into mutton sheep afterwards. That complicates the question somewhat. A wether of the merino stock weighs about 100 pounds, and the price varies from \$3 to \$5, according to circumstances.

Mr. BRECKINRIDGE, of Arkansas. According to the size of the sheep and the range of the market?

Mr. CLARK. Yes. Of course the mutton market is governed very much by the beef and pork market.

Mr. BRECKINRIDGE, of Arkansas. What do you get for the sheep that you sell for mutton purposes?

Mr. CLARK. The mutton sheep sold last year at 3 to 3½ cents per pound, on the hoof, after shearing.

Mr. BRECKINRIDGE, of Arkansas. That was taking them in and through—taking the whole lot that you had for mutton purposes?

Mr. CLARK. Yes, what we feed for the market.

Mr. BRECKINRIDGE, of Arkansas. They would vary in weight how much?

Mr. CLARK. They would vary in weight from perhaps 80 pounds to 125 pounds.

Mr. BRECKINRIDGE, of Arkansas. How much would the wool of one of these sheep be worth?

Mr. CLARK. My own class of sheep is hardly a fair representation, perhaps, of the wool-growers that I am here to represent.

Mr. BRECKINRIDGE, of Arkansas. Are the wool-growing sheep a speciality, or are they (like the Southdowns) for eating purposes too?

Mr. CLARK. I breed a finer class of wool sheep than is bred in the county generally.

Mr. BRECKINRIDGE, of Arkansas. You breed for wool more than for mutton?

Mr. CLARK. Yes; but for both in a certain sense.

Mr. BRECKINRIDGE, of Arkansas. How many pounds of wool do you consider an average for the clip of your own sheep?

Mr. CLARK. Taking my flocks altogether (the wethers, ewes, lambs, on their first shearing, &c.) it averages about 4 pounds to the head.

Mr. BRECKINRIDGE, of Arkansas. That includes the lambs?

Mr. CLARK. It includes everything.

Mr. BRECKINRIDGE, of Arkansas. How much then do you consider the average clip of a full-grown sheep? I suppose you have frequently weighed a clip to see how it runs.

Mr. CLARK. A little over that—say 4½ pounds.

Mr. BRECKINRIDGE, of Arkansas. And the lambs?

Mr. CLARK. The lambs frequently make full weight from the fact that a little over a year's growth strengthens the wool.

Mr. BRECKINRIDGE, of Arkansas. What is the value of your land per acre?

Mr. CLARK. My land I suppose would sell at about \$100 per acre.

Mr. BRECKINRIDGE, of Arkansas. And is that the average value of good land in Washington County?

Mr. CLARK. It is rather above the average of the county—a good deal above the average. I located part of my lands within 3 miles of the county seat; and values have advanced rapidly there in late years.

Mr. BRECKINRIDGE, of Arkansas. What are lands worth 3, 4, or 5 miles farther off than yours?

Mr. CLARK. I think I stated in the first part of my statement that lands throughout the county would rate from \$40 per acre up to \$200 per acre.

Mr. BRECKINRIDGE, of Arkansas. I suppose they are lands with fancy improvements?

Mr. CLARK. Yes; lands near the county seat or near some town. I should think that from \$60 to \$75 per acre, or thereabouts, would be a fair average for good farming lands in Washington County. Some little oil excitement has put the price up just now.

STATEMENT OF MR. JACKSON.

Mr. JACKSON, a Representative from the State of Pennsylvania, said:

Mr. Chairman and gentlemen of the committee: I do not suppose that you care to listen to an argument, or that an argument would be profitable or entertaining, on the general question as to the policy of the Government, protective or otherwise. But it is proper for me to say and it is but just to the gentlemen who have engaged in the wool business to say that I believe that the large majority of them are in favor of the principle of general protection to all industries—protection to everything which we either have ourselves or can produce.

In regard to the wool question, while it is very large in the aggregate, I feel that, perhaps, in the multitude of matters brought before you, you may not have given enough attention directly to that industry from the fact that it is so scattered over the country that it may be overlooked. Statistics show that there are a million persons owning flocks in the United States; yet there are but few counties or Congressional districts in which the sheep-growing interest is so large, perhaps, as it is in my own Congressional district. As Mr. Clark has stated to you, Washington County has produced as high as 3,000,000 pounds of wool in a single year's clip.

I was assuming that you, gentlemen of the committee, were so favorably inclined towards an industry like sheep-raising and wool-growing that you would not care to put

upon the statute-book any legislation that would practically destroy this industry; and I understand that the proposed bill does not directly attack the tariff on wool, although perhaps it does so indirectly in regard to the tariff on woolen goods. Unless legislation can be changed so as to restore the tariff of 1867, or its equivalent, the industry of sheep-raising in the United States must practically cease. That is our position, and I would like to press it home upon you. In Washington County, Pennsylvania, the people have for many years given very great attention to the subject, not only as to the size of the flocks and the number of sheep raised, but also as to the product of wool. They have given a great deal of labor and spent a great deal of money upon it. It is true that this industry only grew to its present large proportions after the tariff of 1867. Large amounts of money have been invested in it, and to-day—I scarcely feel prepared to make the statement (which I know the facts would carry out)—the sheep are selling in Washington County even as low as 25 cents apiece. Not that the carcass of a sheep cannot be made more out of, but because the keeping of a sheep is actually a greater expense than the wool could be sold for. If sheep were offered to a man for nothing, but on the condition that he should feed them for one, two, or three years, he would not undertake to do so. We come in direct competition with the cheap lands of Australia and, more alarming still, we are coming in direct competition with wool from far-off Asia, from India. Since the act of 1867 there has been an enormous increase in the importation of wool from those countries. It has been argued that the reduction of the tariff on raw material would enable us to manufacture goods cheaper and sell them to foreign countries; but I think that in the matter of wool, and perhaps in other things, there is a great mistake in that.

The reduction of the tariff on wool would bring us back to the same point that we now occupy. It would not prevent the European countries from getting the wool as cheaply as we get it; and they can manufacture it much cheaper than we can. So that we can never compare with those countries by taking off the duty from raw materials, because they can always have those raw materials as cheap as we can and can always manufacture them cheaper than we can. So our struggle must be to try to keep up and maintain the wages of labor in this country. On that question the whole matter turns. I do not think, however, that, strictly speaking, wool is a raw material; and while I concede the force of that argument as to some things (and particularly as to things we cannot produce ourselves), I say that wool is not one of them. As an industry sheep-raising needs protection. The sheep is not a combative, strong, or rugged animal. It has always required the fostering care of the shepherd. In early days it was an emblem of innocence, and in later days it is so very useful that it is one of the necessities both in peace and war. I would conclude what I have to say by insisting on what I really believe to be the fact, that without further protection, or without a restoration of such tariff duties as we had in 1867, the industry of sheep-raising must cease to exist in the United States. I know that that industry is as dear to the heart of any Washington County man as is the history of his county and the desire that it shall be the first wool-growing county in the United States. And yet the men of Washington County have concluded that without additional protection that industry must perish.

The CHAIRMAN. What you want is the restoration of the duty on wool that was taken off by the protectionists themselves in 1883?

Mr. JACKSON. Yes; to put the duty back to what it was under the tariff of 1867.

The CHAIRMAN. That is, to about 11 or 12 per cent. ad valorem?

Mr. JACKSON. Yes.

The CHAIRMAN. And you say that that would increase the price of wool to that extent?

Mr. JACKSON. Yes; and it would have this additional effect: An increase of 5 cents a pound on the duty on wool would increase the price more than to that extent, and for this reason, that the increase of duty would deter the importation of wool from great distances. Foreign wool is now seeking for markets, and the idea of the American wool-growers is that they want to preserve the home wool market for themselves. They do not care what is to become of the other markets of the world, because they do not think they can compete in foreign markets with other countries in regard to prices. They argue that even if the duty on wool were taken off or reduced while the immediate effect would be lower prices still within a few years the prices would be as high again, and they are here to argue against taking the duty off wool in order to make it cheaper for the time being. While it might do so, it would destroy the wool-growing interest of this country, which could not be replaced in a short time. It takes long years for a farmer to change his business into that of sheep-raising. It takes long years to produce flocks. And our idea is that if wool be admitted free of duty it may cheapen wool for the time being, but that just as soon as the foreign wool-growers in Australia, India, and South America got control of the market the price of wool would go up again, and then there would be a change of policy here and the tariff on wool would be put up again. But in the mean time we would lose all the capital invested here in sheep-raising

and wool-growing. Why, therefore, throw out of this business the men who are now engaged in it?

The CHAIRMAN. Your idea is to increase the price of wool in this country?

Mr. JACKSON. Yes; that is it substantially.

Mr. BRECKINRIDGE, of Arkansas. You say that you want 5 per cent. more duty on wool. Do you mean 5 per cent. or 5 cents a pound?

Mr. JACKSON. I mean 5 cents a pound.

Mr. BRECKINRIDGE, of Arkansas. And you think that that increase of duty would give you even a greater increase of price, because it would deter importations?

Mr. JACKSON. I have that impression.

Mr. BRECKINRIDGE, of Arkansas. You are satisfied that that would be the case?

Mr. JACKSON. Yes.

Mr. BRECKINRIDGE, of Arkansas. Do you gather that impression from your past observation and experience?

Mr. JACKSON. Very slightly. I gather it from my general information. I get it as the impression of those wool men whose meetings I have attended. I have attended some of their meetings, and found that to be a very general impression among them.

Mr. McKINLEY. What was the result of the increase of the duty on wool by the tariff of 1867? Did it reduce the price of wool?

Mr. JACKSON. It did, eventually, by stimulating the industry and giving the American wool-growers control of the market. They introduced better breeds of sheep, took better care of the sheep, and produced a better quality and a larger quantity of wool.

Mr. BRECKINRIDGE, of Arkansas. Are you a sheep-raiser?

Mr. JACKSON. No, sir, not since I was a young man. I did, a few years, shear a few sheep.

The CHAIRMAN. I am afraid you will never again get up the duty on wool until you get up another war. The protectionists who go around professing that they intend to raise the duty on wool are, I think, deceiving you.

Mr. JACKSON. You can make yourself popular with millions of wool-growers if you will help to raise the duty.

The CHAIRMAN. I tell you candidly that I do not intend to help in that; and I do not think those other gentlemen intend to do so. I think that the New England woolen manufacturers are of the opinion that wool is as high as it ought to be, or as their representatives will vote for its being.

Mr. KELLEY. If you, gentlemen (addressing the Democratic members of the committee), will increase the duties on woolen and worsted goods to the old range we will most gladly vote for higher duties on wool than we have had since 1867.

The CHAIRMAN. We did not put either of these duties down, and you did.

Mr. KELLEY. But there was not a Democrat in either House who voted to sustain the old duties.

The CHAIRMAN. There was not a Democrat in either House (I mean a Democrat of my way of thinking) who voted for this bill of 1883, which did make the reductions.

Mr. McKINLEY. But the Democrats, as a rule, when we were considering that proposition voted to reduce the duty on wool.

Mr. REED. The only reason why the Democrats did not vote for the bill of 1883, was that, in their judgment, it did not reduce duties enough.

The CHAIRMAN. That is exactly true.

Mr. REED. So that you cannot consider yourselves as virtuous on the protection side in regard to that matter?

The CHAIRMAN. We do not mean to do so.

Mr. REED. Then you were conveying an impression which you did not mean?

The CHAIRMAN. I intended to convey the impression (because it is true) that the gentlemen who profess to be anxious to increase the duty on wool, are not sincere in their professions, because they voted to reduce the duties on wool in 1883.

Mr. REED. The reason of that was because there were certain revenue taxes, amounting to \$46,000,000, which the people of the country thought ought to be repealed, and the tariff bill was tacked upon a measure to repeal these taxes. It became necessary for us to pass as strong a tariff bill as we could (having a majority of but one in the House), so as not to give you the credit of taking off these forty-six millions of taxes the next time. In other words, we were hard pressed because we had but one majority in the House and only a narrow majority in the Senate, and we got away from you as well as we could. Hereafter we will get away from you better.

The CHAIRMAN. You were so anxious to relieve the banks and certain other interests from taxation that in your anxiety you also reduced the tax on wool?

Mr. REED. Not a bit of it. You used the bank people and made them believe that it was tariff reform.

Mr. KELLEY. I have to play usurper, and call members of the committee to order, so as to let the business go on.

Mr. MCKINLEY. And if the gentlemen on that end of the committee (meaning the Democrats) will give us sufficient votes, we will restore the duty on wool.

The CHAIRMAN. Yes; and when the bill goes into the House one-half of you will vote against it. I do not want these gentlemen (the Republican members of the committee) to masquerade as men who want to put up the duty on wool (after their reducing it) without telling them of it.

Mr. KELLEY. There is a gentleman here who knows the history of that whole proceeding (referring to Mr. John L. Hayes who was chairman of the tariff commission) and who is coming to the stand now.

The CHAIRMAN. Yes; and he is the man who recommended the reduction.

STATEMENT OF MR. JOHN L. HAYES.

Mr. JOHN L. HAYES, secretary of the National Association of Wool Manufacturers, addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: I am sorry to interrupt so spicy a discussion—one so vastly more interesting than anything I can hope to present to you.

I have the honor to appear before you under instructions from the executive committee of the National Association of Wool Manufacturers, an organization representing the most important establishments in every branch of the wool manufacture, and as the representative, to a certain extent, of the majority of the wool manufacturers of the United States, to respectfully remonstrate against the changes in the woolen tariff proposed in the House bill No. 5576, which has been referred to your committee. I do not propose to state in any detail the grounds of this remonstrance, which could not be properly done in the time which you could allow. My chief object is to bring distinctly to your notice the irresistible evidences of the sentiment of the wool manufacturers of the United States in opposition to the measure of reduction in the duties on woolen manufactures proposed in the bill under consideration. In impressing upon you as legislators, responsive to the opinions of the public, of which the wool manufacturers form so important a part, a conviction of their almost unanimous judgment, lies my chief hope of arresting the measures proposed in this bill.

The subjects of the revision of the existing tariff, and the policy which should be pursued in respect to the duties on manufactures of wool, have, within the last six months, been most thoughtfully and deliberately considered by the association which I have the honor to represent. The occasion for this special deliberation was the issuing of a circular by Hon. Daniel Manning, Secretary of the Treasury, dated July 18, 1885, proposing certain inquiries in relation to a revision of the tariff. These inquiries compelled a consideration of the whole tariff question in its bearings upon the interests of the national wool manufacture, both as to the policy of any revision, and, in case of revision, the precise measures bearing upon the wool manufacture which should be adopted. A response to the circular of Secretary Manning was, therefore, prepared by the executive committee of the National Association of Wool Manufacturers and adopted by the full body, the response being so framed as to meet not only the specific subjects of the Secretary's inquiries, but to meet as far as possible all those which might arise in case of attempted revision by the present Congress. Copies of that paper I now place in your hands and ask for it your candid consideration, because it gives, as if in anticipation of the measures proposed in the bill before you, with a deliberateness and precision which could not be found in any oral statement which you could afford to listen to, the reasons why these measures are opposed to public policy, unjust to the wool manufacture, and inimical to its interests.

To make the briefest possible summary of this statement: As an important part of the business community we protest against tariff agitation by a revision of the existing tariff, as a disturbance of business and a postponement of the repose needed for recovery from great industrial depression. As wool manufacturers we show that, although the reductions of 1883 were carried in all cases to the very verge of safety, and in some cases far beyond it, we preferred submitting to them to incurring by a revision of the tariff the risk of further reductions. Though opposing a revision of the tariff, at present we point out, in case revision should be attempted, the precise measures required, in our view, equally for the interests of the wool manufacture and wool production. We accept the policy of protecting wool and other domestic raw material, but show that this policy, in view of the competition with foreign rivals subject to no duties, involves disadvantages to the American wool manufacturer which imperatively demand full equivalent duties for the duties on such material. We show that as long as duties are imposed upon wool and other raw material the indispensable condition of prosperity, or even of existence, to our wool manufacture is the strict application of a system of compound

duties to wool manufactures which shall compensate us for the duties on raw material and then provide the same protection that is afforded to all other industries. This expresses in brief the policy of the association as set forth in full detail in the statement before you. That policy, as will be hereafter pointed out, is contradicted and subverted by the measures of reduction in the bill before you, and we can in no way so distinctly signify our remonstrance against these measures as by the emphatic reaffirmation of that policy and of the arguments by which it is sustained.

I have expressed thus far the views only of the organization which I most directly represent. As its members are comparatively limited in number, and principally from the Northern and Eastern States, their views may be said to be confined and sectional, and to result from a combination of local and selfish interests. What is the sentiment of that vast army of wool manufacturers extended over our whole national domain, and constituting by their presence in every State and Territory the most representative of all our national industries, as it is the one which most directly ministers to the comfort of the people, while it is the highest form of manufactures in the old and the pioneer of manufactures of all forms in the new States? The association which I represent has been at great pains to ascertain the sentiment of the national woolen industry upon the question of tariff revision. Upon the publication of the paper before you setting forth their policy, in the months of October and November last, they sent copies of that document to every known wool manufacturer in the United States, except wool-hat manufacturers, with a request that the recipient would express his approval or disapproval of the policy therein set forth, and that if he approved he would sign and forward to the office of the association a communication to the following effect:

To the Secretary of the National Association of Wool Manufacturers :

SIR: The undersigned, manufacturer of ——— at ———, in the county of ——— and State of ———, employing ——— sets of cards (or ——— wool combers) hereby declare ——— approval of the policy, in relation to a revision of the tariff, set forth by the National Association of Wool Manufacturers, in response to a circular of Hon. Daniel Manning, Secretary of the Treasury, of July 18, 1885.

The features of the policy set forth in that response which ——— especially approve are:

First. That there shall be no change at present in the existing wool and woolen tariff, nor a general tariff revision at the next session of Congress.

Second. That in case of any revision of the tariff, so long as a duty is imposed upon wool, it is indispensable for the prosperity of the woolen manufacture that the present system of compound duties upon woollens should be strictly maintained.

——— further authorize the attaching of ——— name, with others, to such a memorial as may be made to Congress by any considerable number of wool manufacturers, embodying the above propositions.

Respectfully yours,

—————.

To that request we have received the individual responses contained in the two bound volumes which I now place before you from thirty-one States and two Territories. Each one without qualification reaffirming the policy of the association which I have already explained, and each respondent showing the amount of woolen machinery which he employs. The affirmative responses are distributed as follows:

States.	No of replies.	States.	No of replies.
Arkansas.....	1	New Hampshire.....	44
California.....	7	New Jersey.....	17
Connecticut.....	67	New York.....	125
Dakota.....	1	North Carolina.....	2
Delaware.....	2	Ohio.....	50
Georgia.....	4	Oregon.....	4
Illinois.....	23	Pennsylvania.....	170
Indiana.....	34	Rhode Island.....	41
Iowa.....	12	Tennessee.....	18
Kansas.....	2	Texas.....	2
Kentucky.....	11	Utah.....	5
Maine.....	42	Vermont.....	23
Maryland.....	5	Virginia.....	12
Massachusetts.....	159	West Virginia.....	14
Michigan.....	13	Wisconsin.....	23
Minnesota.....	3		
Mississippi.....	2		954
Missouri.....	16		

In all, 954 establishments employing 4,837 sets of cards (the set or series of cards being the unit of measurement of the capacity of a woolen mill), and 319 combers (the comber being the unit of measurement of the capacity of a worsted mill), not to mention the large number of manufacturers included in this list who do not employ cards or combers, but are engaged only in the more advanced processes of manufacture.

To what extent do these manufacturers, nearly a thousand in number, represent the national industry of manufacturing wool? The United States census of 1880 enumerates the sets of cards in the United States as 5,961 on woolen goods proper, of which number it will be seen, that the above list represents 4,837, or 81 per centum; that is, over four-fifths of the card-wool manufacturing capacity of the United States. The census gives for worsted carpets and knit goods the additional numbers of 1,156 sets, so that the above list represents $68\frac{17}{100}$ per cent., over two-thirds of the 7,047 sets employed in the wool manufacture proper of this country. The generally accepted estimate of the production in value per year of a set of cards is \$30,000, or \$100 per day, which would make the annual value of the card-wool fabric production represented by these responses about \$145,110,000.

A generally accepted estimate of the production of a comber is that it is equal to three sets of cards. The production of the combers (319) would therefore amount to \$28,710,000, making the whole value of annual production, represented by the individual remonstrances before you, 173,820,000, and, at the very moderate estimate of 20 workmen to a set of cards, represents the labor of 116,000 operatives. As to the deficiency which prevents the responses from being unanimous, I have not included in this list responses representing several hundred sets, which contained some slight qualifications, such as, on the one hand, objections to continuing the present duties on wool, and, on the other, demanding a partial revision to restore the duties reduced in 1883. Some replies were undoubtedly withheld from mere negligence and more from opposition to the present duties on wool. But in respect to the essential principle of the policy which these manufacturers represented by these responses insist upon, that so long as duties are imposed upon wool there should be a full compensatory duty on manufacturers, I do not hesitate to assert my belief that there could not be found a single intelligent dissenting voice among all the wool manufacturers of the United States.

Take the expression of individual opinion which you have before you in these two bulky volumes; consider their wonderful unanimity; that they were given absolutely without solicitation or concert; that they are the results of individual and independent reflection; that the respondents had no opportunities to consult or combine together; that these opinions are the conclusions of the severest of all logic, that which a man applies to his own personal affairs; that they come from every section and from both political parties, and that they are offset by no contradictory remonstrances or statements from the industry concerned, and I conceive that you must agree with me in regarding them as the most extraordinary and even authoritative expression of industrial sentiment that has ever been presented to Congress. If this country is not to be an exception to the policy prevailing in all other manufacturing nations, which is so conspicuous in our great rivals, England, France, and Germany, of consulting first of all the great national industries affected by proposed legislative changes, the opinions of the great American industry which I have placed before you cannot fail to have due weight in your deliberations if they can be shown to be opposed to measures under consideration.

It only remains for me to show very briefly and in a general manner how the measures of this bill conflict with the policy approved by the majority of the wool manufacturers of the United States. Others who will follow me will point out to you, with the higher authority of practical experience, which I cannot claim, specifically and in detail the injurious effect of the changes proposed.

The injurious proposed changes, to which I will only very generally refer, are:

(1) The paragraph commencing on line 409, being a proposed substitute for the cloth clause, paragraph 362, of the present tariff. The objections to the changes are that while the duties on wool are retained they reduce the duties upon cloths, valued at not exceeding 80 cents per pound, in the specific rate from 35 cents to 25 cents, a reduction of 28.57 per cent., and in the ad valorem rate from 35 per cent. to 30 per cent., a reduction of 14.28 per cent., and these reductions apply to the most important and widely diffused of all branches of the wool manufacture, and especially to those pursued in the newer States, while they also apply to the very class of manufactures, the lower and medium needs of most general consumption, in which an increased domestic production, resulting from sufficient duties, has caused the cheapening of goods to consumers through improved methods of manufacture and competition to be most conspicuous.

(2) The reductions of about 20 per cent. of the specific duties in the miscellaneous woolen clause, commencing on line 418, being a substitute for paragraph 363 of the present tariff. These reductions applying specially to worsted goods widen what is already the most dangerous breach in the existing tariff and increase the most objection-

able and ruinous reductions of 1883—reductions which in one year caused an importation of foreign wool in the form of worsted cloths equal to and displacing 5,000,000 pounds of Ohio washed wool.

(3) The reduction in the dress-goods clause, commencing line 435, being a substitute for paragraph 365 of the present tariff. The domestic goods affected by these reductions are now subjected to a heavier foreign competition than any others in the whole industry, and the reductions can have no other effect than to increase importations and revenue at the expense of the domestic industry.

(4) Reductions in the clause applicable to cloaks and ladies' and children's outside garments, commencing line 453, being a substitute for paragraph 367 of the present tariff. These reductions apply to a class of manufacture, pursued especially in our large cities, which has of late been exposed to an oppressive competition which is especially facilitated by the large quantity of silk, laces, and trimmings entering into the fabrication of those articles, upon which the foreigner pays no duties while the domestic manufacturer is exposed to the highest range of duties.

(5) The reductions in the clause commencing on line 461, applicable to what is known as the "small wares" clause, or paragraph 368 of the present tariff, bear upon a class of goods involving an exceptional amount of skilled labor, and requiring raw materials paying the very highest rates of duty.

(6) The proviso commencing on line 473, that no duty on a wool manufacture shall exceed 70 per cent. is made in face of the fact that upon some classes of wool the domestic manufacturer is compelled to pay a duty exceeding 100 per cent, while upon wool substitutes, which the foreigner has free, there is imposed a duty of 200 or 300 per cent. This proviso, to say nothing of its effects upon other goods, it is believed would so completely throw open the doors for the cheap, shoddy-made goods of Europe that our own important manufacture of low goods would ruinously suffer.

Leaving to others to fill up the details under these heads I shall occupy your time but a moment longer in showing how these reductions, and especially those first named, in respect to cloths and worsteds conflict with the policy so emphatically demanded by the wool manufacturers of the country.

Although I may weary you by my repetition, I am compelled to repeat that the grand fundamental principle of that policy—the pivot upon which the national wool industry, including production and fabrication of wool, turns—is that of a full compensatory specific duty to manufacturers in addition to the ordinary protective duty. This principle is subverted and undermined in the reductions of this bill. Where the specific duty should be 45 cents, as demonstrated in the response to Secretary Manning (page 23), this bill places it at 25 cents; where the specific duty upon worsted should be 36 cents this bill places it at 20 cents, a difference of incalculable importance to the domestic manufacturer. The principle upon which we so emphatically insist is no cunning device of the manufacturer as has been asserted. It was conceived, not by manufacturers but by American statesmen, upon the broadest grounds of a national policy. Its birth-place was in this committee-room in 1861, when the eminent Senator from Vermont, then a member of your body, placed a specific duty of 12 cents upon cloth to compensate for a wool duty of 3 cents imposed in the tariff, which at first opprobriously, and now in honor, bears his name.

The most effective and compact expression of this principle came from this committee-room, when the lamented Garfield declared, in his celebrated minority report, his last legislative work, "that the specific duty imposed on woolen goods, as near as possible equal to the duty on the wool which entered into their manufacture, was not protection but simply an equivalent duty which placed the woolen manufacture on a free-trade level." To feed and to clothe the people of this country from its own resources, to occupy all its labor, whether on the farm or in the mill, to develop at the same time sheep husbandry and the wool manufacture, to reconcile the political jealousies between the non-manufacturing and the manufacturing States, by the policy of discriminating duties incorporated in our economical system, was the difficult problem presented to American statesmanship. It solved the problem by the protection of wool and the system of compensatory specific duties upon manufactures. The high specific duties on manufactures of wool, the only ground of complaint against the present tariff, be it remembered, were not primarily demanded by manufacturers. They were granted by legislators, through the concessions of wool-growers, as an admitted necessity from the imposed duties on wool. Every increase of the woolen duties was enforced by the increased duties on the raw material.

This policy of high duties on wool and correspondingly high duties upon woolens, although originally forced upon the manufacturers, and reluctantly consented to, has hitherto been loyally defended by them, as the fifteen volumes of its Bulletin attest, and is approved by the thousand manufacturers whose names are in these volumes, and if I may be allowed to express only my own personal convictions, I believe that the best

interests of the nation have been subserved by a protection to wool and the compensations, so far as they have been adequate, to manufacturers. It cannot be denied, however, that there is a restiveness among manufacturers, even among those most loyal to the old arrangement, as to the wool duties, and the disposition to retain them while the compensations are diminished or withdrawn. Protection to wool, which I conceive to be reasonable and just, cannot be endured unless the just relations of the duties on manufactures to those on wool are strictly preserved. In the bill before you the duties on wool are retained, and the compensatory duties on manufactures are unreasonably diminished. Sustain this bill and you inflict a blow upon the manufacturers which will inevitably recoil upon the interests of the domestic wool production in the destruction of its home market. You may gratify what I cannot but regard as the transient passion of a single wool-growing State, but you will overrule the judgment of the intelligent and fair-minded wool-growers of Illinois, Michigan, and Montana, and the trans-Missouri States, the calmer representatives of the wool-growing sentiment of this country, who have so unequivocally declared that a prosperous wool manufacture, secured through a just relation of the duties on manufactures to those on wool, is the indispensable requisite for a prosperous sheep husbandry.

STATEMENT OF MR. WILLIAM WHITMAN.

Mr. WILLIAM WHITMAN, of Boston, treasurer of the Arlington Mills and president of the National Association of Wool Manufacturers, next addressed the committee. He said:

Mr. Chairman and Gentlemen: The argument which I am about to address to you is not made for the purpose of securing lower rates of duty upon our chief raw material, wool, nor upon the other materials we use in fabrication, nor upon the machinery with which we fabricate. I shall not claim lower rates of duty upon materials and machinery than are imposed by the bill now before you.

But I do insist that in view of the rates of duty upon everything dutiable that enters into the fabrication of our cloth, the woolen manufacturer is entitled to a compensating duty as an offset to such duties, in addition to the duty that should be accorded to his industry in common with other industries—that no discrimination should be made against the industry which I represent. I also claim that whenever a general reduction of duty becomes imperative, from whatever causes, or for whatsoever sound reasons, such reduction should first be made upon those articles that enter into and form a large proportion of the cost of manufacture. I believe this principle to be sound, and that it is recognized by the highest economical authorities. Experience has confirmed me in the views I expressed in 1880, when what was known as the Tucker bill was before your committee. (See Appendix B, “Minority report Committee Ways and Means to Congress.”) * * * “In order to decide what duty should be imposed upon worsted goods and other manufactures, we should determine, first, the duty to be imposed upon wool and other materials composing the fabric, and on such materials as are used in its manufacture; second, the duty to be imposed upon such articles as enter into the construction of a mill and its equipment, such as iron, tin, &c.; third, the duties to be imposed on all articles that affect the cost of living, and consequently enhance or diminish the price of labor, the duty on sugar, on rice, on barley, on fruits, &c. A wisely constructed tariff must be based upon principles. It must be considered as one grand whole, for the interests affected by it are so varied, and they are now so closely interwoven together, as to entail mutual relationship and dependence.” In the tariff bill now before you no such principle appears to be recognized.

The duties on wool are practically unchanged, and a large reduction is proposed upon goods. I respectfully maintain that in thus reducing the duties upon goods you inflict as much injury upon the wool-grower as you would do by reducing the duty upon wool; that the effect in both cases is precisely the same. It is only through successful prosecution of the domestic wool manufacture that the domestic wool-grower can expect a market for his wool. What advantage is it to stimulate the growth of wool if you cripple the machine which transforms it into useful and ornamental fabrics? Every pound of woolen cloth that is imported into this country represents four pounds of wool in its ordinary condition, and is just so much loss to the productive industry of the country.

Should the question be, which shall be imported, materials or manufactured products, sound public policy would declare for raw materials, because the importation of such means their conversion, by the employment of the higher forms of labor, into commodities of common use. In imposing high duties upon the materials and machinery used by the woolen manufacturer you place him at a great disadvantage in competing with the foreign manufacturer, and if such duties are to be maintained the only remedy for them is the imposition of duties on the manufactured product as will be fully compensatory.

The competition among American woolen manufacturers is so great, and the contest for supremacy is so severe, that they aim to secure minimum cost of production rather than high prices. The manufacturer who produces at the lowest cost establishes the market price for his competitors; the lower the cost of production, the cheaper the product is sold.

Whatever reduction is made in the cost of the manufacturers' materials and implements results in a reduction of price to the consumer, for prices are governed solely by the cost of production.

I now wish to direct your attention to the "Present Rates of Duty upon Wool, and the Relation * * * of the Duty to the Foreign Cost." The only change made in the duty on wool is in Class 3, or carpet wools. The present duty on them is 2½ cents per pound if valued at 12 cents or less per pound, and 5 cents per pound if valued at above 12 cents per pound. The bill in question proposes a rate of 2.8 cents per pound on all such wools. All other wools are unchanged in rate. The duties collected on actual importations of wool furnish no guide in ascertaining such relations, because importations are chiefly confined to wools where the sum of the duty bears the least proportion to the scoured pound. Odessa greasy merino wool was offered for sale in London in February, 1886, at 11 cents per pound, and the duty upon it is equal to 91 per cent. Good Port Philip greasy wool (merino combing) was bought by me in London in January at 18 cents per pound, and the duty upon this is equal to 55½ per cent.

Greasy Adelaide merino wool was sold in London in January at 9 cents per pound, and on this the duty would be equal to 110 per cent. On greasy wools in London costing 10 cents per pound there is a duty of 10 cents, or 100 per cent., and the cost of importing them (including commission) is 1.78 cents per pound, making the total cost of landing such wool in the United States from London 117.8 per cent. The duty on scoured wools of Class 1 is three times the amount of duty on unwashed. Australian scoured merino wool was sold in London in January at 32 cents. The duty upon the wool is 30 cents per pound, which is equivalent to 94 per cent. The tariff is so arranged as to compel the importations of Class 1 wools to be in the greasy state, and almost the whole of them imported into the United States are in the grease. It has been established that it requires an average of four pounds of such wool to make one pound of cloth, consequently the American manufacturer who uses such wool is compelled to pay the transportation charges on from 2½ to 3½ pounds of grease and dirt in the wool, which is all waste, that is required to make one pound of cloth. On wool waste and other substitutes for wool there is a duty of 10 cents per pound, which is practically prohibitory. Such substitutes vary in prices, very much depending upon their nature and condition. There is no standard and quotable price for them. The duty on them in many cases amounts to several times their foreign value.

This enormous duty on wool substitutes is very burdensome, because they can be so usefully employed to mix with wool in the manufacture of cheap heavy cloth. For more full and complete details in regard to the present rates of duty upon wool, reference is made to Appendix C and Tables 1, 2, 3, pages 48 and 53, of "The Woolen Tariff Defended and Explained by the National Association of Wool Manufacturers," in response to a circular of Hon. Daniel Manning, Secretary of the Treasury, of July 18, 1885. Now, how manifestly unjust it is, in revising the tariff, while not limiting the percentage of duty on wool, to permit the law to remain in force imposing a duty of 110 per cent. on useful and desirable raw materials, and to insert in the same bill, in reference to manufacturers of wool, the following proviso: "No duty shall be levied, collected, and paid in excess of 70 per centum ad valorem on any article or manufacture made wholly or in part of wool"!

"Woolen cloths, woolen shawls, and all manufactures of wool of every description made wholly or in part of wool." Such goods valued at not exceeding 80 cents per pound are reduced from 35 cents per pound and 35 per cent. to 25 cents per pound and 30 per cent., a reduction of 28.57 per cent. of the specific duty and 14.28 per cent. of the ad valorem duty. This reduction on goods valued at 80 cents per pound is equivalent to 22.22 per cent.

There is overwhelming evidence that an average of 4 pounds of greasy Merino wool are required to make 1 pound of woolen cloth. The duties on drugs and dyestuffs and carrying charges on duties of 10 per cent. add 6½ cents per pound to each pound of cloth, as follows:

	Cents.
Duty on 4 pounds of wool, at a rate of 10 cents-----	40. 00
Duty on drugs and dyestuffs, &c -----	2. 50
Total duty on raw material-----	42. 50
Charges on carrying duties, at 10 per cent -----	4. 25
Amount of reimbursing duties required-----	46. 75
Amount reduced for convenience of calculation-----	45. 00

How unjust to the wool manufacturer it is to subject him to a duty of 45 cents per pound on the wool and dyestuffs in his cloth, and then to allow him only 25 cents per pound for compensating duty. At the start he is discriminated against 20 cents per pound. On cloth valued abroad at 60 cents per pound this amounts to 33⅓ per cent., and on cloth valued at 80 cents per pound it amounts to 25 per cent.

Mr. Morrison's bill also reduces the ad valorem rate on the same goods from 35 per cent. to 30 per cent., which is a lower rate of duty than is applied to nearly all other competing products. Why should the woollen manufacturer be thus discriminated against? I unhesitatingly assert that under Mr. Morrison's bill the American wool manufacturer of cloths made of foreign wool competing against foreign goods, valued at 80 cents and under, would be worse off than he would be under absolute free trade; that he would have no real protection whatever; and yet such goods if valued abroad at 70 cents per pound would be subject to a duty of 66 per cent. Mr. Morrison's bill makes no change in the rates on goods previously described where the value exceeds 80 cents per pound. He allows the existing law to remain in force, which discriminates against the manufacturer 10 cents per pound in the specific or compensating duty.

The next reduction made is in the following paragraph:

“Flannels, blankets, hats of wool, knit goods, and all goods made on knitting-frames, balmorals, woollen and worsted yarns, and all manufactures of every description composed wholly or in part of worsted,” &c.

The reduction here made is apparently small, but no man not thoroughly informed upon the subject would dream of its vital importance. The reduction of duties made by this paragraph in the law of March 3, 1883, was very great. At the time of the passage of this law our law-makers could not be made to understand how great the reduction was, chiefly because up to that time very few goods covered by the paragraph were imported. The reductions then made were as follows:

Value per pound.	Old duty.	Duty under tariff March 3, 1883.	Reduction.
<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Per cent.</i>
20	27	17	37.04
25	28½	18¾	34.78
30	30½	20½	32.78
35	32½	24½	24.81
40	34	26	23.82
45	45¾	33¾	26.25
50	47½	35½	25.26
55	49½	37½	24.37
60	51	39	23.53
70	64½	48½	27.91
75	66½	50½	24.15
80	68	52	23.53

You may rely upon these figures being absolutely correct. There was an actual reduction made on the above goods of from 23⁵³/₁₀₀ to 37⁴/₁₀₀ per cent. of the duty by the tariff of March 3, 1883. We manufacturers protested against this at the time, and we foretold what the effect of the changes would be. What has been the effect? The importations under this paragraph during the last year of the old tariff amounted to \$3,174,-077.94, and the duties to \$2,172,047.25.

The reduction of the duties under the tariff of March 3, 1883, increased the importations of goods under this paragraph, and for the fiscal year ended 1884 they amounted to \$6,011,489.73, and the duties to \$3,887.616.95, an increase over the preceding year—of value 89³⁹/₁₀₀ per cent., of duties 79 per cent. For the fiscal year ended 1885 the importations under the same paragraph amounted to \$6,582,595.20, and the duties on the same to \$4,219,055.49, being an increase over the fiscal year 1883—of value about 107 per cent., of duties about 94 per cent. It will thus be seen that the reduction made by the tariff of March 3, 1883, caused the importations of the goods in question to be more than doubled in two years. The importations of such goods valued at under 80 cents per pound was increased in a much larger ratio, as may be seen by the following table:

Valued at not exceeding 40 cents per pound.

Years.	Value.	Percentage increased over 1883.	Duties.	Percentage increased over 1883.
1883.....	\$16,089 78		\$14,689 10	
1884.....	119,617 20	643.43	80,407 68	447.39
1885.....	60,883 33	278.46	12,031 23	186.19

Valued at not exceeding 60 cents per pound.

Years.	Value.	Increase per cent.	Duties.	Increase per cent.
1883	\$68,754 95	.....	\$62,344 99	.....
1884	448,825 08	552.78	303,170 34	386.27
1885	622,994 32	806.09	420,729 54	574.82

Valued at not exceeding 80 cents per pound.

Years.	Value.	Increase per cent.	Duties.	Increase per cent.
1883	\$345,509 39	.....	\$310,183 68	.....
1884	1,147,452 14	232.14	779,233 32	151.21
1885	1,399,594 89	305.08	954,070 40	207.58

The reduction in the rates made by the law of 1883 in the articles covered by this paragraph was for the declared purpose of reducing the revenue. Instead of a reduction we see an enormous increase, caused by increased importations, and this, too, during a heavy decline in the value of our general importations of wool and manufactures of wool. The tariff bill now before you will accelerate this remarkable increase of such importations, though the reduction proposed is only 2 to 4 cents per pound and appears very small.

Gentlemen, there is a cause for this remarkable increase, and my object is to explain it to you, so that in any revision of the tariff such an anomaly may be remedied. This cause is the improper relations between the duty on the raw material and the specific or compensating duty on the goods. The *lowest* rate of duty that is imposed upon a pound of wool, except carpet-wool, is 10 cents. Most of the wools of the world are marketed in their natural or greasy state, and it requires several pounds of such wool to make either a pound of cloth or of yarn. The sample of yarn which I now show, Exhibit A, is worsted warp-yarn on a cop, or tube, number 40 single, 22,400 yards to the pound, and is now being shipped from Bradford, England, to the United States extensively. It cost in Bradford 2 shillings 5½ pence. The duty upon it is 18 cents per pound and 35 per centum ad valorem, and its first cost landed in the United States, duty-paid, is \$1.01½. This yarn is made of Montevideo wool, and it would require of a good quality of such wool 3^s/₁₀ pounds to make 1 pound of such yarn, and the duty upon such wool would be 38 cents. Therefore, under the existing law the worsted spinner is given 18 cents per pound specific duty to protect him against 38 cents per pound duty on the wool of which the yarn is made. The *whole* duty on the yarn in question (specific and ad valorem) amounts to 38.41 cents per pound. Under the proposed bill it would amount to 2 cent per pound less, viz, 36.41 cents per pound. In other words, under what is proposed in Mr. Morrison's bill, I, who manufacture such yarn in the United States, would be obliged to pay out in duty on the wool of which the yarn is made 38 cents, while the whole duty on the manufactured article would be only 36.41 cents.

You will see that this is absolutely worse than free trade. As values have declined abroad in consequence of various causes, this yarn has fallen from a value above 60 cents per pound to a value below 60 cents per pound, thereby reducing the rate of duty upon it. You can readily see that the worsted spinner has no chance whatever with a duty of 38 cents upon the wool that he uses, and a duty of only 36.41 cents upon his manufactured product.

Exhibit B is a sample of wool or worsted tops made from Australian cross-bred wool. Its present value in England is 34 cents per pound. Under a Treasury decision it is dutiable at double the rate of scoured wool, equal to 60 cents per pound. If it were made into yarn and imported, it would be dutiable under the bill now before you at 16 cents per pound and 35 per cent. ad valorem, which is equal to 32.1 cents. What an anomaly is here. The duty on one and one-third pounds of scoured wool required to make the yarn is 40 cents; the duty on the same material, if imported in the form of top, is 66 cents, and the whole duty, if imported in the form of yarn—a more advanced state of manufacture—would be 32.1 cents.

Exhibit C is a sample of top made from Buenos Ayres wool, and its present market price in England is 40 cents per pound. The sample of yarn marked Exhibit A is made from top similar to this, and of the same value. On these two samples we have the following:

Duty on the wool of which the yarn is made, 38 cents per pound; duty on the tops of

which the yarn is made, 66 cents per pound; duty on the yarn itself, 36.41 cents per pound.

Exhibit E is a sample of coarse worsted yarn, valued in England at 38 cents per pound. This would be dutiable under the proposed bill at 10 cents per pound and 35 per cent., which would make the whole duty 23.3 cents per pound, and yet the duties on one pound and a third of scoured wool required to make this yarn would be 40 cents, and if the wool were imported in the grease the duty on it would amount to about 30 cents.

Do you wonder that under such conditions the worsted spinners of Europe are alive to their advantages, and are daily sending representatives here to secure orders? The increase of importations of worsted yarns has been very greatly enlarged during the last three months and now very seriously threatens the existence of the worsted-spinning industry in this country.

One of the most important fabrics embraced in this paragraph is worsted coatings, and the increase of the importations of them under the existing law has been enormous—as may be seen by the following table:

Fiscal years 1882-1883-----	\$878,522 86
Fiscal years 1883-1884-----	2,177,038 37
Fiscal years 1884-1885-----	2,532,272 73

This alarming increase is owing to the fact that the specific duties on the cloth are so much smaller than the specific duties on the wool entering into its fabrication.

Another fact has a good deal to do with this. The Treasury Department has made a distinction between woolen and worsted cloths, by which the latter are subjected to a lower rate of duty than the former, when valued at 80 cents or less per pound. Worsted cloths are thus discriminated against.

I contend that a worsted cloth is a woolen cloth, because it is made of wool, and a worsted cloth can be made, and usually is made, of exactly the same kind of wool as woolen cloth. The term worsted is applied altogether to wool that is combed. This subject is exhaustively treated in a communication dated May 28, 1885, entitled "Argument for the Classification of Worsted Cloths for Customs Duties, under section 361 of Schedule K, of the tariff of 1883, addressed to Hon. Daniel Manning, Secretary of the Treasury, by John L. Hayes, secretary, in behalf of the National Association of Wool Manufacturers," a printed copy of which I hereby present, and ask to have appear as a part of my testimony. The subject is also fully treated on page 28 of a communication addressed to the Hon. Secretary of the Treasury by the National Association of Wool Manufacturers, in response to his circular of July 18th, 1885, to which reference is hereby made.

A comparison of the following exhibits of wool and worsted yarns will, I believe, show you very clearly that goods made of worsted yarns should certainly be dutiable at as high rates as goods made of wool yarns.

Exhibit F is a bobbin of fine woolen yarn made from carded West Virginia wool.

Exhibit G is a cop of fine worsted yarn made from Montevideo combed wool.

Exhibit H is a bobbin of fine worsted yarn made from Australian combed wool.

The wool of which these three samples are made is practically the same. The main difference between them arises from the difference in the method of manufacture. The length of the wool staple is now of minor importance, because almost any length of wool can be combed on improved combing machines. We comb cotton with a staple one inch long, and we can comb wool of the same length.

For the purpose of demonstrating the point that I have made I wish to submit for your examination and for comparison some samples of woolen and worsted cloths.

Exhibit M would under the Treasury Department decision, already referred to, be classified as a woolen cloth, and Exhibit N as a worsted coating. The only difference between these two samples is that Exhibit M has a single woolen yarn filling or weft, and Exhibit N has a two-ply worsted filling. Both samples are made of worsted warp which is thrown upon the face.

Exhibit O is a worsted coating, valued at 80 cents per yard in England, dutiable under the existing law at 24 cents per pound and 35 per cent.

Exhibit P is a woolen cloth, valued at 68 cents per yard in England, and dutiable under the present law at 35 cents per pound and 35 per cent. ad valorem. Both samples are made of wool almost identical in character, but in one case the wool is carded and in the other case it is combed.

Exhibit Q is a fancy wool cassimere, classified as woolen cloth.

Exhibit R is a fancy worsted cassimere, classified as worsted coating.

Exhibit S is a fancy cassimere, made of worsted and wool, classified as a woolen cloth. These three cloths are practically alike in appearance and feel—are made of similar materials and are used for the same purpose. So near alike are such goods at times that no expert could positively state which is made of worsted and which of woolen yarn.

A very little more fulling of so-called worsted goods changes their distinctive appearance in a very marked way. Believing that I have fairly proven that woolen and worsted cloths are precisely the same in their general character, and should be dutiable at the same rates, I claim that paragraph 362, schedule K, act of March 3, 1883, should be amended to read as follows: 362. Woolen or worsted cloths, woolen or worsted shawls, and all manufactures of wool of every description, made wholly or in part of wool, not especially enumerated or provided for in this act, valued at not exceeding 80 cents per pound, 45 cents per pound, and 35 per centum ad valorem; valued at above 80 cents per pound, 45 cents per pound, and in addition thereto 40 per cent. ad valorem; and that the rates of duty under paragraph 363 should be amended, so as to read as follows: 363. Flannels, blankets, hats of wool, knit goods, and all goods made on knitting-frames, balmorals, woolen and worsted yarns, and all manufactures of every description, composed wholly or in part of worsted, the hair of the alpaca, goat, or other animals (except such as are composed in part of wool) not especially enumerated or provided for in this act, valued at not exceeding 40 cents per pound, 18 cents per pound; valued at above 40 cents per pound, and not exceeding 60 cents per pound, 27 cents per pound; valued at above 60 cents per pound, and not exceeding 80 cents per pound, 36 cents per pound; and in addition thereto, upon all the above-named articles, 35 per centum ad valorem; valued at above 80 cents per pound, 45 cents per pound, and in addition thereto, 40 per centum ad valorem.

I will now proceed to the consideration of paragraph 365, relating to "Women's and Children's Dress Goods," &c. The reduction proposed on such goods as are not composed wholly of wool, worsted, &c., is a lowering of the rate of ad valorem duty from 35 per cent. to 30 per cent., and on such goods as are composed wholly of wool, worsted, &c., the specific or square-yard rate is lowered from 9 to 8 cents, and the ad valorem rate from 40 to 35 per cent. In no other branch of the woolen industry is the American manufacturer subjected to such competition as in dress goods. The importations of them are very large, notwithstanding the immense growth of this industry in the United States.

No class of woolens requires a higher protective rate than dress goods, because of their fineness and lightness.

The following exhibits will illustrate my meaning, and the arguments advanced in reference to the preceding paragraphs apply with equal, if not greater, force to this one.

On the all-wool goods the square-yard duty has never been equal to that applied to heavy woolen goods. To fully compensate for the duty on wool and dyestuffs it should be not less than 12 cents per square yard. The specific duty required on 1 pound of cloth to offset the wool duties being 45 cents per pound, and the average weight of these all-wool dress goods being 4 ounces, it follows that 11½ cents per square yard are required to make the specific duty upon them equal to what is required upon woolen cloths.

It must also be borne in mind that in the manufacture of a very large proportion of these goods the finest wool is required, and that such wool is subject to a higher rate of duty, viz, 12 cents per pound. The goods of this class weighing over 4 ounces per square yard are fine woolen or worsted cloths, and should be subject to the same duty as woolen cloths are. The circuit court having decided that the proviso at the close of this paragraph applies only to the all-wool goods, which is contrary to the intent of the law, a slight change in the phraseology is requisite, and I therefore ask that paragraph 365 be changed to read as follows:

"365. Women's and children's dress-goods, coat-linings, Italian cloths, and goods of like description, composed in part of wool, worsted, the hair of the alpaca, goat, or other animals, valued at not exceeding 20 cents per square yard, 5 cents per square yard, and in addition thereto, 35 per centum ad valorem; valued at above 20 cents per square yard, 7 cents per square yard, and 40 per centum ad valorem; if composed wholly of wool, worsted, the hair of the alpaca, goat, or other animals, or of a mixture of them, 12 cents per square yard and 40 per centum ad valorem; but all such goods with selvages, made wholly or in part of other materials, or with threads of other materials introduced for the purpose of changing the classification, shall be dutiable at 12 cents per square yard, and 40 per centum ad valorem. *Provided*. That all goods enumerated in this paragraph weighing over 4 ounces per square yard shall pay a duty of 45 cents per pound and 40 per centum ad valorem."

The statements that I have made in reference to paragraphs 362, 363, and 365, apply with equal force to paragraphs 366, 367, and 368, and I therefore rest content with submitting, what, in my judgment, is a standard schedule of duties upon the goods embraced in these three paragraphs.

"366. Clothing, ready-made, and wearing-apparel of every description, not specially enumerated or provided for in this act, and balmoral skirts, and skirting, and goods of similar description, or used for like purposes, composed wholly or in part of wool, worsted, the hair of the alpaca, goat, or other animals, made up or manufactured wholly or in

part by the tailor, seamstress, or manufacturer, except knit-goods, 45 cents per pound, and in addition thereto, 45 per centum ad valorem.

"367. Cloaks, dolmans, jackets, talmas, ulsters, or other outside garments for ladies' and children's apparel, and goods of similar description, or used for like purposes, composed wholly or in part of wool, worsted, the hair of the alpaca, goat, or other animals, made up wholly or in part by the tailor, seamstress, or manufacturer (except knit-goods), 45 cents per pound, and in addition thereto 45 per centum ad valorem.

"368. Webbing, gorings, suspenders, braces, beltings, bindings, braids, galloons, fringes, gimps, cords, cords and tassels, dress trimmings, head nets, buttons, or barrel buttons, or buttons of other forms for tassels or ornaments, wrought by hand or braided by machinery, made of wool, worsted, the hair of the alpaca, goat, or other animals, or of which wool, worsted, the hair of the alpaca, goat, or other animals is a component material, 35 cents per pound, and in addition thereto, 50 per centum ad valorem."

The imports of wool for the fiscal year ended June 30, 1885, were valued at \$8,879,923, and the importations of manufactures of wool were valued at \$35,776,559.

The imports of wool manufactures were therefore as four to one of wool, and the value of both were second in order of magnitude in dutiable value, being exceeded by sugar only.

Reduction of the revenue from woolen manufactures can be accomplished by establishing just relations between the duty on wool and the duty on goods, and I ask for nothing more than is absolutely just. By establishing such relations you will foster the development of both domestic wool growing and wool manufacturing, and increase our national industry. To secure a reduction of the revenue through the development of national industry is, I believe, the highest political economy.

The duty-paid value of last year's importations of woolen manufactures, exceeded \$60,000,000, exclusive of their cost of importation, and there was consumed in their manufacture about 100,000,000 pounds of wool, equal to about one-third of our annual domestic wool product.

The revenue from these importations exceeded \$24,000,000, yet we are to-day confronted with idle capital in all our great commercial centers, vainly seeking profitable enterprises for investment, with more or less unemployed labor anxious to find remunerative employment, and with a redundant national revenue, which it is claimed arises from an excess of customs duties.

Pardon me if I am too bold in venturing, as a practical business man and manufacturer, to suggest to you the remedy for these evils, so far as legislation upon the woolen schedule of the tariff can remedy them.

Establish by law the full measure of compensating duties on manufactures of wool that I have already recommended, and in addition thereto accord a full measure of protective duty equal at least to that accorded to the other branches of textile and mechanical industry within five years, and possibly within three years, or from the passage of so just and wise a law, we would add \$20,000,000 capital to the permanent investment in the woolen manufacture, we would furnish additional direct employment for not less than twenty thousand persons, exclusive of the large number indirectly employed; we would add to the national wealth a productive industry amounting to \$30,000,000 annually; we would provide a market for the fleeces of ten millions of sheep, and we would diminish the national revenue from woolen manufactures one-half, because of diminished importations brought about by increased domestic productions.

MR. MCKINLEY. (To Mr. Whitman.) Is there any difference in producing woolen cloths and worsted cloths?

MR. WHITMAN. There is very little difference on fine goods. The worsted goods cost more to manufacture, if anything, than the woolen cloths. It would have required one hundred millions of pounds of wool to make the goods imported in the United States last year.

MR. BRECKINRIDGE, of Arkansas. What would be the value of that one hundred million pounds of wool?

MR. WHITMAN. I should think upwards of \$30,000,000.

STATEMENT OF MR. FELIX SAMSON.

MR. FELIX SAMSON, of New York, woolen manufacturer, came before the committee in response to a request of Mr. Kelley.

MR. KELLEY. Are you in any way connected with the production or marketing of cloaks, dolmans, jackets, ulsters, or other outside garments for ladies and children?

MR. SAMSON. The woolen mills which I represent, which are situated at Raritan, N. J., manufacture such goods as are used by the cloak manufacturers in this country. I suppose that one-third of all our productions go into the manufacture of cloaks for ladies' wear.

Mr. KELLEY. It was represented to us during the last session of the last Congress that this industry had been prostrated by a change in duties which admitted those at rates giving great advantage to the foreign manufacturers. How is that?

Mr. SAMSON. That is so.

Mr. KELLEY. You know of that being the case?

Mr. SAMSON. Yes, sir.

Mr. KELLEY. It was further said that American manufacturers in order to keep a footing in our own markets were transferring the productive part of their business to certain portions of Germany.

Mr. SAMSON. I know that to be the case.

Mr. KELLEY. What do you know upon that point?

Mr. SAMSON. I know that the wages paid in Berlin (the principal center of the German manufacturers of cloaks) is much less than the wages paid in the same business in New York, Philadelphia, Cleveland, Chicago, and Cincinnati, and in fact in nearly all the large towns in this country where there are cloak factories existing. And I know no one article of wear enters more largely into the question of labor than that of cloaks, because style and fashion have much to do with the manufacture of goods for ladies' wear. Even at present some of our largest manufacturers in New York city have factories in Berlin.

Mr. KELLEY. At the time of the last hearing before this committee it was represented through Mr. Hewitt, a member of the committee, and through Mr. S. S. Cox, now our representative in Turkey, that there had been about twenty-five thousand people (largely consisting of women and girls) engaged in the manufacture of these cloaks, dolmans, ulsters, &c., in New York, and that the number had dwindled to five thousand under the change of the tariff. What do you know as to that?

Mr. SAMSON. I know that at that time great numbers of the workingwomen were out of employment. The cloak manufacturers were not able to give them employment, and the working people were without homes and without bread.

Mr. KELLEY. Has their business increased since then, and become more profitable?

Mr. SAMSON. Yes, sir. I do not believe that at any time since cloaks have been manufactured in this country men, women, and girls have received such high wages in that business as they received in New York in 1885. The cloak manufacturers could not get enough help, and they were advertising in all the newspapers for help, and were raising the wages of their employes from week to week all the time. The working people received large remuneration for their work.

Mr. KELLEY. Is the business now so prosperous that it would stand with advantage a reduction of duty from 66 per cent. to 31 per cent.?

Mr. SAMSON. No, sir; it is a very close business, and we have been competing in it all the time with the cheap Berlin-made goods. I believe that in Berlin they pay as low as \$2.46 a week to women who manufacture cloaks. If the proposed change were made in the tariff, it would necessitate the transfer of the business of manufacturing cloaks from this country to Europe. It would shut down nearly every cloak manufactory in this country. The concern that I represent has already taken large orders for goods for use in the fall. When this bill was brought to the attention of the House we received letters from our customers in the different towns of the country saying that the orders they had given were given with the understanding that if this bill were passed the orders should be canceled.

Mr. BRECKINRIDGE, of Arkansas. Your business is the manufacture of cloaks, dolmans, &c.?

Mr. SAMSON. No, sir. We manufacture the woolen goods from which these cloaks and dolmans are made.

Mr. BRECKINRIDGE, of Arkansas. What is the difference in duty between a given class of goods manufactured and unmanufactured? For instance, here is a class of goods to make a dolman. It can come in, either made up in a dolman or in the bolt. What I want to know is what is the difference in duty between the made up and the unmade up goods?

Mr. SAMSON. I cannot answer the question, because the one is woven cloth and the other is a manufactured cloak, and it will depend upon the style and trimmings put in the cloak.

Mr. BRECKINRIDGE, of Arkansas. You are familiar with the cloak business, are you not?

Mr. SAMSON. I am familiar with it, as I have been selling in that business for years. I know all about it.

Mr. BRECKINRIDGE, of Arkansas. Take a dolman at the existing range of prices. About what is the lowest price?

Mr. SAMSON. I suppose they are sold as low as \$4 to \$5.

Mr. BRECKINRIDGE, of Arkansas. And from that up?

Mr. SAMSON. From that up to any price, according to the quality of the goods and trimmings.

Mr. BEECKINRIDGE, of Arkansas. Take one costing about \$10 or \$12; how much do you pay the sewing woman who makes that dolman?

Mr. SAMSON. I do not manufacture dolmans, and cannot tell you. I can only tell you how much women working in the business made in this country in the fall of 1885.

Mr. BEECKINRIDGE, of Arkansas. How much did you make?

Mr. SAMSON. I know that women who made those cloaks earned last year as high as \$12 and \$16 a week.

Mr. BEECKINRIDGE, of Arkansas. How many cloaks would she make in that time?

Mr. SAMSON. I cannot tell you.

Mr. BEECKINRIDGE, of Arkansas. I suppose that this high advance in the earnings of these women has taken place under the existing tariff legislation?

Mr. SAMSON. No, sir.

Mr. BEECKINRIDGE, of Arkansas. You said that those were the wages paid last fall?

Mr. SAMSON. But this bill did not appear in the House last fall.

Mr. BEECKINRIDGE, of Arkansas. This bill is not a law, and we are talking about the existing law. The depression you spoke of ended when?

Mr. SAMSON. I think in 1884; that was a good year.

Mr. BEECKINRIDGE, of Arkansas. There has been no tariff legislation since 1883.

STATEMENT OF MR. CHARLES BEACH.

Mr. CHARLES N. BEACH, of Hartford, Conn., addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: I merely wish to add my testimony to what Mr. Whitman stated in reference to this one item in line 409 of the bill—the item in reference to woolen cloths. In order to meet the expectation of the framer of that bill the clause should read “woolen and worsted cloths and woolens.”

Almost every manufacturer of fine woolen goods for men's wear has been obliged to change his business and make what we call worsted goods. I know of only one mill in a large number of woolen mills in the country that is making these fine goods for men's wear (which come in competition with the foreign goods) that has not been obliged to change entirely their product and to make what we call worsted goods. They are in effect nothing but woolen goods, but the wool is combed instead of being carded.

This cloth in my coat is worsted cloth. Such cloth takes the place of all the woolen cloths and of all the broadcloths that are imported. There is a little better effect produced by combing the wool. Many of these goods come in at a rate of duty that is something less than the duty on the material of which they are made.

I do not believe in high tariffs, but I do believe that we ought to have a compensating duty for that which we are obliged to pay, and which is imposed upon us by the tariff. Such compensatory duty we cannot get under the proposed bill.

I represent a mill which has suffered very much by this state of things. It was a property which had cost half a million dollars, and we bought it for \$100,000 and put in a large amount of money. That money has been sunk in trying to make the best quality of goods in competition with imported goods. We believe that to be the only line of manufacture open to us. And ours is not an individual case. The majority of the woolen mills in New England and in the United States to-day are not worth 25 cents on the dollar of what they cost. They would not sell for as much as 25 cents on the dollar. There is a very mistaken idea prevalent among the wool-growers that the woolen manufacturers are making all the money and that the duty on wool is low. The duty on wool is to-day higher than it ever was. It is higher to-day, at 8 cents a pound, than it was when it was at 10 and 11 per cent. ad valorem.

The CHAIRMAN. You mean high in proportion to the value of the wool?

Mr. BEACH. Yes, sir. The percentage is very much higher. We have been competing with the manufactured goods laid down from abroad in our own market, and we do not care as to the high or low cost of these goods abroad. If they can get them in at a lower duty than we pay on the material out of which the goods are made, we have to lose money, and we must shut up our mills. If members of the committee will only examine the statistics and see how much more fine wool comes here in the shape of woolen goods than in the shape of wool, they will be convinced that the cheapest way to import wool to-day is to import it in a fine dress-suit made by the best tailors abroad. A man can afford to send his order abroad, pay an honest duty on the clothes that he receives, and get them cheaper than he would if he goes to a tailor here and orders them. It is only because we do not like the fashions abroad that this is not done to a greater extent. Otherwise we would have no work for our tailors here at all.

These are facts that can be substantiated by the very course of trade, as shown by the statistics. I believe it would be better for wool-growers to take half the duty upon wool and give us the concentrated duty on the goods. But I suppose that that is impossible to-day, and I believe that it is not contemplated in this bill.

In the clause saying that the duty on no woolen goods shall be above 70 per cent. after the 31st of December, there should be added a provision that the duty on wool shall not be over 35 per cent. The wool-grower says that the tariff is based upon an ad valorem rate of 33½ per cent.; but actually the wool that is available to our foreign competitors in the markets of the world would pay duty here equal to 100 per cent. if we imported it. In buying, we are coming in competition with four-fifths of the wools of the world. The effect is that the foreign manufacturer gets those wools so much the lower. That does not raise the price of wool here.

The CHAIRMAN. Where is your place of business?

Mr. BEACH. Hartford, Conn.

Mr. BRECKINRIDGE, of Arkansas. You are a manufacturer of woolen goods?

Mr. BEACH. I am treasurer of the company. We are interested in manufacturing fabrics a good many years.

Mr. BRECKINRIDGE, of Arkansas. I see that we are importing a good deal of wool.

Mr. BEACH. Yes, sir.

Mr. BRECKINRIDGE, of Arkansas. The wool which we import is of the same character as the wool which we grow in this country?

Mr. BEACH. No, sir; not as a rule. It is mostly a coarser wool or a finer wool.

Mr. BRECKINRIDGE, of Arkansas. It is either very fine or very coarse?

Mr. BEACH. Yes, sir; the great bulk of it is fine wool.

Mr. BRECKINRIDGE, of Arkansas. Is that wool manufactured into particular articles of goods by itself, or is it mixed with domestic wool?

Mr. BEACH. It is mixed with American wool. Very little cloth is made of wholly foreign wool.

Mr. BRECKINRIDGE, of Arkansas. Is there much cloth manufactured here that cannot be made wholly of American wool?

Mr. BEACH. Yes, sir; all these fine goods.

Mr. BRECKINRIDGE, of Arkansas. I observe that some wools are taxed 100 per cent. ad valorem and others from 53 to 54 per cent., according to the invoice.

Mr. BEACH. If you take fine wool you will see that a good deal of the fine wool of the world pays more than 100 per cent., but we cannot import it, because there is so much dirt in it.

Mr. BRECKINRIDGE, of Arkansas. Do you think that if we had free wool the consumption of American wool would be increased?

Mr. BEACH. Certainly. If we had free wool, or if we had wool with a duty of only 5 cents a pound upon it, it would increase the demand for American wool.

Mr. BRECKINRIDGE, of Arkansas. And increase the price of American wool?

Mr. BEACH. And increase the price of American wool. It is not the tariff law that increases the price of wool. We have been shut up from competing with foreign countries, and cannot establish the manufacture of fine goods here. The foreign manufacturer of fine goods puts in his wool in the shape of goods at a less rate of duty than we have to pay on the wool.

The CHAIRMAN. Would it improve this bill anything from your standpoint to have wool put in the proviso limiting the duty to 70 per cent.?

Mr. BEACH. I think it should be limited to 35 per cent. If you are going to put it on the same footing, I would hold up both my hands for that.

Mr. MILLS. How much could you reduce the price of woolen goods manufactured by you if wool was free?

Mr. BEACH. We could reduce the price very much. We could probably compete with any nation of the earth.

Mr. MILLS. It is the very finest grade of wool that goes into the manufacture of cloth, is it not?

Mr. BEACH. Yes, sir.

Mr. MILLS. Do we import that wool in very considerable quantities as compared with carpet wool?

Mr. BEACH. No, sir; in very small quantities.

Mr. MILLS. This wool that you are importing for the manufacture of cloth does not compete with the merino wool that is grown here, does it?

Mr. BEACH. It does not compete with it, but rather helps it.

STATEMENT OF MR. MAXWELL.

Mr. MAXWELL, of Connecticut, next addressed the committee. He said:

Mr. Chairman and Gentlemen of the Committee: I think that the only way to meet this case is either to increase the duty on woolen goods or to reduce the duty on wool. At present we are meeting a flood of imported goods made from the cheap goods of South America, mainly. These goods are brought over here made from wool costing 60 cents a pound, and coming into competition with our own goods made here, costing \$1.25 a pound. Tariff duties cannot keep the price of wool up any more than they can keep up the price of wheat. The world's production of wheat has brought the price of wheat down lower than it ever was before. The same law operates in the same way on wool, and it is impossible to keep up the high price on wool as long as the world is producing it in such large quantities. It has to come to us either in the shape of wool or cloth. We need either high-priced goods or low-priced wools.

Mr. BRECKINRIDGE, of Kentucky. Under the present tariff the cheap South American wools cannot come in at all, can they?

Mr. MAXWELL. They come in to a considerable extent. The Montevideo wool is brought in quite largely this year, and the Australian wool also. But the Montevideo wool costs perhaps 16 cents a pound delivered here, without duty, and the Australian wool costs in the neighborhood of 25 cents a pound, without duty.

Mr. MILLS. Washed or unwashed?

Mr. MAXWELL. Unwashed.

Mr. BRECKINRIDGE, of Kentucky. What would be the difference in the advantage to you if the duty was made the same on the washed or unwashed wool—I mean, if the classification was so made that they should both come in at the same rate of duty?

Mr. MAXWELL. You would have to make a different rate of duty from that which you have got now.

Mr. BRECKINRIDGE, of Kentucky. Suppose we put the washed and the unwashed wool at the same rate of duty?

Mr. MAXWELL. That would bring in the washed wool in a great degree. At the same time it would be better to bring in the unwashed wool at a proportionate rate. They use the unwashed wool in England to make the best yarns, such as the Botany yarns, which they use for their best goods. The washing process puts it in different shapes, so that it does not work so well.

The CHAIRMAN. The unwashed wool preserves the greases in it.

Mr. MAXWELL. Yes; it is kept in the natural state.

Mr. BRECKINRIDGE, of Kentucky. If the duty on washed and unwashed wool were kept the same would not unwashed wool still come in?

Mr. MAXWELL. That would depend on what the duty was.

Mr. BRECKINRIDGE, of Kentucky. With the duty as now?

Mr. MAXWELL. With the duty at 10 cents a pound some unwashed wool would come in; but the natural tendency would be to wash the wool before it came.

Mr. BRECKINRIDGE, of Kentucky. You get no unwashed wool for your goods now?

Mr. MAXWELL. Hardly any.

Mr. BRECKINRIDGE, of Kentucky. Under the present tariff all wool substitutes are about prohibited, are they not?

Mr. MAXWELL. Not entirely. There is a great deal of substitutes imported, which is called waste, in some shape or other, and which enables the manufacturers to meet foreign competition to a certain extent.

Mr. BRECKINRIDGE, of Kentucky. Is not our tariff substantially prohibitory on these substitutes?

Mr. MAXWELL. No; the duty on them is 10 cents a pound. The material brought in will cost from 50 to 60 cents a pound including duty. But in a great many manufactures it is rather better to use these substitutes than to take wool which costs about the same price. They make a better handling cloth.

WORSTEDS AND WOOLENS.

STATEMENT OF A. D. JUILLIARD.

WASHINGTON, D. C., *March 8, 1886.*

Mr. A. D. JUILLIARD, of New York, next addressed the committee. He said:

Mr. Chairman and Gentlemen: What I want to submit to you is not a question of high duty or of low duty but simply a question of classification which the importers supposed the Secretary of the Treasury would regulate. Mr. Fairchild tells me, however, that he does not believe it is within the power of the Secretary of the Treasury to do so. I would be glad to recommend it to the committee and to explain it to you by samples. Worsteded are woolens. Worsted goods are made of the same kind of wool as woolen goods are made of. If you look at the dictionary you will see that twenty or thirty years ago worsteds included nothing but long wools combed by hand. Consequently they came in under a different classification. To-day machinery combs and cards the two of the same length. Here [showing a sample] is wool of South America, just the same as the Ohio XX. This [showing another sample] is Australian wool of the same quality. Here [showing another sample] it is in the washed condition.

In two more processes you have got to yarn [showing another sample]. If you want to make worsted you take that same wool and scour it [it makes no difference whether you are going to make worsted or woolens]; the next process is combing, and here is where the whole difference comes between woolens and worsted. The combing makes the fiber smoother. It takes thirteen different operations to make the yarns. From this point [indicating sample] three operations will make woolen yarns and three worsted yarns. They are all made out of the same material and they go into goods that are used for the same purposes. Here are samples of worsteds and woolens [exhibiting and explaining samples to the committee].

Mr. MCKINLEY. Can you tell the difference between them when they are manufactured into goods?

Mr. JUILLIARD. I cannot, but a manufacturer can. Here are two pieces of goods [exhibiting samples], one worsted and the other wool. They are made out of exactly the same material in every sense of the word. They are all woolen. If there was any difference between them the worsted costs a little more in manufacturing than the woolen does, because in worsted goods the cloth is smoother. Here [exhibiting another sample] is a finer quality of goods, made in Providence, R. I., by the largest woolen mill in the world. This costs about 80 cents a pound, and you make no difference in the duty. These two [indicating samples] come in at the same rate. One is wool and the other worsted. Here are two pieces of foreign goods [indicating samples] for which we are agent. One of these is woolen and the other is worsted.

Mr. MCKINLEY. Are they equally valuable?

Mr. JUILLIARD. They are equally valuable.

Mr. HEWITT. What distinction does the tariff make?

Mr. JUILLIARD. On woolen goods 35 cents per pound is the lowest protection. On worsted goods I can import at 18 cents per pound, if I import them without being finished.

Mr. HEWITT. What is the distinction in the tariff between worsted and woolen goods?

Mr. JUILLIARD. All woolen goods pay 35 cents per pound, and 40 per cent. ad valorem. Worsted goods which cost above 80 cents a pound pay exactly the same rates. But when they cost less than 80 cents per pound in Europe the duty is 24 cents a pound; if they cost less than 60 cents, the duty is 18 cents a pound; and if they cost less than 40 cents, then the duty is but 12 cents a pound.

Mr. HEWITT. And that distinction is not made with woolen goods?

Mr. JUILLIARD. Not at all. All woolen goods pay the same rate of duty, whether they are made of shoddy or anything else.

Mr. HEWITT. And what you want is that there shall be no distinction between woolen and worsteds?

Mr. JUILLIARD. We want that there shall be no distinction. Obliterate the name worsteds, and put all these goods under one classification. They are all wool. Here is a sample of nun's cloth [exhibiting sample]. These goods have been always imported, paying the woolen duty; but latterly they are bringing them in as worsteds and paying only 18 cents a pound.

Mr. HEWITT. Then you want to have the word worsted struck out?

Mr. JUILLIARD. Yes; I want both put upon the same basis.

Mr. HEWITT. If woollens were all put under the head of worsteds, you would be satisfied?

Mr. JUILLIARD. Yes. The great trouble is that we importers have to have expensive lawsuits about it. Every day the question comes up as to whether goods are made of worsted or wool. The appraiser says the one thing, the importer says the other; and they have more disputes over that one point in the New York custom-house than over any other one point. It takes an expert to tell the difference. The only difference really is in twisting the thread in one case a little harder and in combing the wool instead of carding it. You can get a bale of wool and make worsted goods out of one half of it and woollen goods out of the other.

Mr. HEWITT. It is a little more expensive, you say, to make worsted goods, and yet they come in as woollens?

Mr. JUILLIARD. Yes, sir.

Mr. MCKINLEY. You want the worsted leveled up?

Mr. JUILLIARD. Yes; or the wool leveled down. Before machinery was invented to comb these common wools none of these goods were made costing less than 80 cents a pound. Now they are using South American wools. I have a letter in my pocket from England showing that South American and Russian wools (of the same quality as American XX) cost 5½d. a pound. Now, if we import these wools they will cost \$2.25 to make in Providence, R. I.; but if we import finished goods from England made out of these wools, they will stand us in New York \$2. Importers can resort to the trick of putting a little more oil in the wool and bringing the cost per pound down, thus reducing the duty; and when the wool comes here they can clean it up. In fact, the importers of these goods have to resort to all sorts of trickery. In Philadelphia the largest manufacturer of woollen goods is now importing more goods than he is manufacturing. We are now importing foreign goods in the gray condition and having them finished in that condition. These low worsteds come in at a less rate of duty than woollens. A man who wants a coat does not care at all whether it is worsted or woollen. So I want this committee to make the duty on woollens and worsteds the same.

Mr. BRECKINRIDGE, of Kentucky. Or let the wool in free of duty?

Mr. JUILLIARD. You gentlemen will not do that. Here is a sample of uncombed wool [exhibiting sample]. The duty on that is 60 cents a pound. And here is a sample of scoured wool [exhibiting sample], the duty on which is 39 cents a pound. If you let this in as scoured wool, or if you put on that combed wool the same duty per pound as on the cloth, you will give manufacturers a basis to work on.

Mr. HEWITT. Are the yarns being actually imported?

Mr. JUILLIARD. Yes; they are importing more yarns than ever, because they can be bought cheaper than wools.

Mr. HEWITT. In other words the effect of the tariff has been to drive the spinning out of this country?

Mr. JUILLIARD. Yes. The foreign wools come in partly manufactured.

Mr. BRECKINRIDGE, of Kentucky. What is the value of this worsted?

Mr. JUILLIARD. Sixty cents per pound.

Mr. BRECKINRIDGE, of Kentucky. The duty on it is how much?

Mr. JUILLIARD. Eighteen cents per pound, and 35 per cent. ad valorem.

Mr. BRECKINRIDGE, of Kentucky. Bringing the specific duty down to ad valorem duty, what would be the gross ad valorem duty on that piece of goods?

Mr. JUILLIARD. About 70 per cent.

Mr. BRECKINRIDGE, of Kentucky. And if that were woollen, what would be the duty upon it?

Mr. JUILLIARD. About 88 to 90 per cent.

Mr. BRECKINRIDGE, of Kentucky. Then the duty on the raw material is about 90 per cent. ad valorem?

Mr. JUILLIARD. Yes.

Mr. BRECKINRIDGE, of Kentucky. And the duty on this [indicating a sample] is how much?

Mr. JUILLIARD. Sixty-six per cent.

Mr. BRECKINRIDGE, of Kentucky. And on this [indicating another piece]?

Mr. JUILLIARD. About 70 per cent., if you bring it in as worsted. If you bring it in not dyed there is a reduction on that.

Mr. BRECKINRIDGE, of Kentucky. What would be the gross ad valorem duty?

Mr. JUILLIARD. About 66 per cent. There is no difference between yarn and worsted.

Mr. BRECKINRIDGE, of Kentucky. So that the duty on woollen goods is always about 66 per cent.?

Mr. JUILLIARD. Not being a practical manufacturer, I would not like to say; but I

want to show this committee that wool and worsted are identically the same thing, and that there should be no difference whatever in the duties on them.

The CHAIRMAN. Is there not a better opportunity of working shoddy into worsted than into wool?

Mr. JUILLIARD. No; you cannot get it into worsteds.

WOOLS AND WOOLENS.

NEW YORK, *February 27, 1886.*

DEAR SIR: Permit me to lay before you in writing what I mentioned to you the other day appeared to me to call for reconsideration before Colonel Morrison's tariff bill (H. R. 5576) is put on its passage.

The schedule on wools and woolens ends with a proviso limiting the duties on all woolens, &c., to 70 per cent. ad valorem. By itself considered such a restriction of duties would be very proper, but as long as the duty on fine wool, class I, remains at 10 cents per pound, such a restriction of the duty on woolens will be utterly one-sided and liable to prove very detrimental to our woolen industry, which will thereby be made incapable of competing with many imported manufactures, as it is heavily handicapped by the duty on fine wool.

Some of the most useful wools of this class are now selling in the producing countries at prices involving an ad valorem rate of duty, as follows:

Greasy Cape wool, at 9½ cents per pound, 10 cents duty, equal to 105 per cent.

Greasy Buenos Ayres wool, at 10 cents per pound, 10 cents duty, equal to 100 per cent.

Greasy Montevideo wool, at 10 to 12 cents per pound, 10 cents duty, equal to 80 to 100 per cent.

Greasy Abudia, Morocco, and other kinds of wool, at 8 cents per pound, 10 cents duty, equal to 125 per cent.

While our manufacturers have thus to pay from 80 to 125 per cent. duty on foreign wools and a correspondingly high price for competing domestic wools, they will find it difficult to maintain their position against foreign goods admitted at 70 per cent. ad valorem duty and made out of free wool.

This would undoubtedly tell with peculiar effect on worsted yarns, which have, under the present duties, already been imported in increasing quantities, and the duties on which the bill proposes to reduce 2 cents per pound on all grades below the value of 80 cents per pound, independent of the 70 per cent. ad valorem limit. At that limit the importations of the finer grades will be liable to increase so much as may seriously cripple our worsted spinners.

Such discrimination probably was not intended or even suspected, and I can see but two remedies: Either the proviso must be entirely dropped from the bill, or it must be made to apply to wool as well as to woolens, in which case the words "wool or" should be inserted before the word "any" at the end of line 475, and the proviso be made to read as follows:

"*Provided*, That after December 31, 1886, no duty shall be levied, collected, and paid in excess of 70 per centum ad valorem on wool or any article or manufacture made wholly or in part of wool."

Recommending this matter to your attention,

I am, dear sir, yours, very respectfully,

GUSTAV SCHWAB.

Hon. ABRAM S. HEWITT,
Washington.

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MISCELLANEOUS.

SODA.

STATEMENT OF MR. J. B. DUFF.

Mr. J. B. DUFF and Mr. J. B. McMEANS presented themselves before the committee as employés of the Pennsylvania Salt Manufacturing Company, of Natrona, Allegheny County, Pennsylvania.

Mr. DUFF said:

Mr. Chairman, my colleague and myself are employés of the Pennsylvania Salt Manufacturing Company. The company really manufactures soda. It makes soda from salt, but its designation is a salt manufacturing company. The works are located at Natrona, Allegheny County, Pennsylvania. At a meeting of our workmen, some 4,000 of them, the day before yesterday, Mr. McMeans and myself were appointed a committee to present a remonstrance before you, which, with your permission, I will now read.

Mr. Duff read the remonstrance, as follows:

Remonstrance of the workingmen of Natrona, Pa., employed in the manufacture of soda against House bill 5576.

To the Committee on Ways and Means:

The workingmen of Natrona, Pa., in mass-meeting assembled, most respectfully, and in view of the results that must follow, most earnestly remonstrate against the passage of the tariff bill now before your committee.

The town in which we live, with its contented and happy population, was brought into existence, and its people are supported solely by the chemical industry established in our midst. We are entirely dependent upon the prosperity of this industry for the food we eat and the other necessities and comforts of life. In its prosperity we have shared: our employment has been steady, and our wages on the whole satisfactory.

This bill now before you proposes a reduction of 33½ per cent. in the duty on one of the chief articles of manufacture—soda—at the works in which we are employed. The effect of such a sweeping reduction must fall upon labor. We must bear it, gentlemen. The reduction in wages that must follow, if this proposed rate becomes a law, comes from our pockets, and the families, the wives, and children whose comforts must be cut off, are ours.

Can we be silent in view of these facts? Should we be men if we held our peace? We therefore protest most solemnly against this proposed action, believing it to be unnecessary and uncalled for, and that it will in reduced wages and reduced employment seriously and vitally affect the interests of this entire community, and that without any commensurate gain to any American interest, however much it may benefit the manufacture in other countries.

At a meeting of the workingmen of Natrona, held this day, the above remonstrance was unanimously adopted, and Messrs. James B. Duff and James B. McMeans were appointed a committee to present the same to the Committee on Ways and Means of the House of Representatives.

J. B. McMEANS, *Chairman.*
WILLIAM BRUCE, *Secretary.*

NATRONA, PA., March 9, 1886.

Mr. DUFF. I may add that this soda industry, in addition to giving employment to five hundred men, is also the center of a very prosperous agricultural community, whose prosperity depends entirely upon the salt-works there. We have market gardeners,

dairymen, butchers, &c., and we furnish a good market for the surrounding country. We have also a considerable trade at a distance. We buy staves from Ohio, and we get shooks for boxes from East Saginaw, Detroit and Grand Rapids. We get a car-load weekly from there. We get boat-loads of hoop-poles from West Virginia, and we even get mules from Kentucky.

The CHAIRMAN. I thought you got them from Indiana.

Mr. KELLEY. Those are the political fellows.

Mr. MILLS. And you [meaning members of the Republican party] pay \$2 a piece for them.

Mr. DUFF. We also use a good deal of logs from New York State. We also use rosin from South Carolina—100 tons yearly. We have really a pleasant village and a contented population. We have churches, libraries, reading societies, and a school-house that cost us \$5,000, and where we have 400 pupils. These works were established in 1850, and we have been as contented and comfortable as it is possible for workingmen to be: but we are apprehensive and solicitous about the effects of any reduction in the tariff. Mr. McMeans and I have been charged to present our compliments to this committee, and to respectfully request that our industry be let alone.

Mr. KELLEY. Have you been much agitated by strikes or by labor organizations within the last five years?

Mr. DUFF. We had one strike in 1883, and I believe that that came just about the time of the reduction of duty on soda.

Mr. HISCOCK. You have not any idea, then, of the immense excitement that exists in Illinois and Texas over the burdens of taxation?

Mr. DUFF. No, sir. We are selfish. We are only sent here to represent the meeting which took place at our town, connected with our own industry.

Mr. MCKINLEY. And you have done it very well, too.

The CHAIRMAN. You do not sell salt, do you?

Mr. DUFF. No: we buy salt. Soda is made largely from it.

The CHAIRMAN. And where do you sell the soda?

Mr. DUFF. We sell soda largely to soap-makers.

The CHAIRMAN. I mean in reference to the particular places?

Mr. DUFF. Caustic soda goes chiefly into lye for saponica. We ship it all over the country, from Maine to San Francisco.

Mr. KELLEY. Your market is universal throughout the United States?

Mr. DUFF. Yes.

Mr. BRECKINRIDGE, of Arkansas. You spoke of a reduction of wages in your business in 1883?

Mr. DUFF. We had a little tly with the company about that time.

Mr. KELLEY. Mr. Duff did not say that the wages were reduced. I asked him if they ever had a strike there, and he said they had a slight strike in 1883, but I did not understand him to say that the wages were reduced.

Mr. DUFF. The wages were reduced about that time.

Mr. BRECKINRIDGE, of Arkansas. It is bicarbonate of soda that you produce at your works?

Mr. DUFF. Yes.

Mr. BRECKINRIDGE, of Arkansas. There was no reduction of duty on that in the tariff of 1883.

Mr. DUFF. No; but there was a reduction of duty on caustic soda.

Mr. BRECKINRIDGE, of Arkansas. Do you produce that?

Mr. DUFF. Yes.

Mr. BRECKINRIDGE, of Arkansas. Do you produce much of it?

Mr. DUFF. About 20,000 pounds a day—about a small car-load a day.

Mr. BRECKINRIDGE, of Arkansas. How does that production compare with the total business of your concern?

Mr. DUFF. I should say, without being posted (for I am not the book-keeper), that that was, perhaps, 20 per cent. of our tonnage.

Mr. BRECKINRIDGE, of Arkansas. Did the company reduce the wages simply of those who were working in the caustic-soda part of the business?

Mr. DUFF. My recollection is that wages were reduced slightly all round.

Mr. BRECKINRIDGE, of Arkansas. So wages were reduced in that part of the business where the duty was not reduced? In other words, if the workers in the bicarbonate part of your business had their wages reduced, that reduction took place without any reduction of duty on bicarbonate?

Mr. DUFF. Yes.

Mr. MCKINLEY. You did not state that the one followed the other?

Mr. DUFF. I do not recall that it did exactly.

Mr. KELLEY. Your company makes other forms of soda besides caustic and bicarbonate?

Mr. DUFF. Yes; we make crystal soda.

Mr. KELLEY. Do you make soda ash, or do you consume it?

Mr. DUFF. We neither produce it nor consume it.

Mr. KELLEY. You only make the highest forms?

Mr. DUFF. Yes: bicarbonate is about the highest form of soda.

STATEMENT OF MR. M'MEANS.

Mr. McMEANS said:

MR. Chairman and Gentlemen of the Committee: We come here to-day as representatives of labor from our place. We do not come as representing the Pennsylvania Salt Company directly, but we come here as workmen. The proposed reduction of duty on this soda which we manufacture would result in a reduction of our wages. This place, Natrona, has been built up by these chemical works. Some of our workmen have accumulated a little savings, and have built little homes for themselves. Some of them have done so and some not. Happily I am one of those who have not built any home yet, and I do not suppose I will if this Congress passes the proposed bill, because it would cut away our bread and butter. Necessarily, if this bill passes, these works will have either to stop or the company will cut down our wages so that we will not be able to make a fair living; and I know that no gentleman of this committee wants any workman in America to have less than a fair living. That is all that we ask. With the proposed reduction of duty we feel that we would not have a fair living; so we would have to suffer in the end. I do not know that I have anything further to offer to the committee.

The CHAIRMAN. How long have you been engaged at that place?

Mr. McMEANS. Twenty-eight years.

The CHAIRMAN. What particular duty do you perform?

Mr. McMEANS. I have been in almost every department of the works. I used to refine oil at one time. I used to refine acid, and I used to distill acid.

The CHAIRMAN. You have got up to the highest degree of skill in that business?

Mr. McMEANS. I am nothing but a laborer. I cannot profess to be anything else. I am not a mechanic. I may have some mechanical ideas about me, but I am no mechanic.

Mr. KELLEY. What wages do you receive?

Mr. McMEANS. My wages amount to about \$8.35 a week, and you do not want me to work for anything less than that.

Mr. KELLEY. I certainly do not.

Mr. McMEANS. There are altogether four hundred or five hundred men engaged there who are in the same box as myself. Of course some of them get more wages than I do.

The CHAIRMAN. And some less?

Mr. McMEANS. And some less.

Mr. McMILLIN. Can you give us the average wages paid at those works?

Mr. McMEANS. I can hardly give you the average wages. I do not think the average wages would be over \$30 a month for labor.

The CHAIRMAN. Is there anything further that you want to say to the committee?

Mr. McMEANS. I believe that is all.

PENCILS OF WOOD.

STATEMENT OF MR. JOHN A. WALKER, JR.

Mr. JOHN A. WALKER, JR., addressed the committee. He said:

MR. Chairman and Gentlemen: I represent the lead-pencil industry of the United States, and on behalf of that industry I present the following:

It is respectfully asked by the manufacturing lead-pencil industry of the United States that lines Nos. 482, 483, 484, and 485, page 24, H. R. No. 5576, now before your committee, be stricken out for the reasons given in the printed statement herewith; and that the existing law relative to pencils of wood, under which said industry have invested several millions of dollars in hope of profit, be not now disturbed.

1) Under the present tariff the United States *lead-pencil* industry has been created.

The leading maker of the world has established a large branch factory here; the second leading firm has transferred from Germany its entire establishment; two entirely new American factories have arisen.

(2) The American pencil business is in its infancy, and is struggling against competition of cheap-labor countries, to wit, chiefly Germany, also Austria, England, France, Belgium. Pencil-making labor can be obtained in Germany at one-fourth United States prices. For instance, \$8 per week American pencil labor is paid in Germany \$2 per week.

(3) Even while establishing ourselves we have reduced the price of all pencils. We sell fine pencils at \$1.23 per gross and upward, which, before the existing tariff, were imported at never less than \$2.50 per gross and upward, a reduction of 50 per cent., at the same time improving the quality.

(4) By degraded labor and cheap surroundings the Germans make poor quality pencils cheaply. The proposed change in the tariff will lay these poor quality German pencils down at less than we can make American pencils.

(5) The Americans make good, cheap pencils that the trade buy for $\frac{1}{2}$ cent each and the consumer for 1 cent each. German poorest pencils, even on the basis of entire free trade could not be sold at *less than 1 cent* to the consumer. The change in the tariff, *while ruining this new United States industry, will not benefit the consumer*, and only benefit, if anybody, a few importers.

(6) Cheap pencils are in bulk, three-fourths of our business. Should the tariff be changed to the figure suggested by Mr. Morrison's bill, this three-fourths will simply disappear.

The American pencil industry, grouping all its branches and ramifications, feeds some 8,000 to 9,000 persons. Change the tariff and three-fourths of them will at once have to obtain bread by other employment. The remaining one-fourth will have uncertain support, with very sorry prospects.

(7) Might answer for a few kinds, but we make scores of kinds at as many different prices—some as high as \$10 per gross—therefore, as the tariff is intended to cover the entire subject, a rate less than the present tariff will not meet the average requirement of the case, will ruin the industry, and, as before explained, work *no benefit* to the consumer.

The present tariff is not prohibitory. The New York custom-house collected in the fiscal year \$51,703.50. Three years ago it was \$47,300.

Ninety parts of the cost of a pencil is labor, ten parts raw stock. The ten parts raw stock is such that its reduction is simply impossible. In the struggle for existence, should the tariff be changed, the whole burden falls on the ninety parts labor. The American pencil laborer must either abandon the industry or accept starvation wages. The industrial depression of the past three years has been bad enough to bear.

(8) Change means either death to the industry or starvation wages to the American pencil laborer—the consumer not one whit benefited—and the Government revenue, by overwhelming importations, increased. The tariff brought the industry bodily from Germany to the United States. The proposed change will send it bodily back.

(9) We therefore petition your honorable committee to allow the pencil tariff of March 3, 1883, to remain as it is—it being virtually the same as the tariff of June 22, 1874, under which this new and growing industry was and has been created, viz: "*Pencils of wood filled with lead or other material and pencils of lead, 50 cents per gross and 30 per centum ad valorem.*"

(10) We feel that the deduction proposed is the result of misunderstanding or misapprehension, as there is no complaint of the existing tariff, or petition or petitions to have the same altered from producers, sellers, or consumers.

Respectfully submitted.

EBERHARD FABER, *New York.*

EAGLE PENCIL CO., *New York.*

JOS. DIXON CRUCIBLE CO., *Jersey City, N. J.*

AMERICAN LEAD PENCIL CO., *Hoboken, N. J.*

Mr. McMILLIN. You say that in your business 90 per cent. of the cost of production is in labor and 10 per cent in machinery?

Mr. WALKER. Yes.

Mr. McMILLIN. Then the use of your plant and the wear and tear of it is an entire loss to you?

Mr. WALKER. No, that is included.

Mr. McMILLIN. That is part of what you include in labor, is it?

Mr. WALKER. Yes, sir.

ANILINE COLORS.

STATEMENT OF HENRY MERZ.

WASHINGTON, D. C., *March 8, 1886.*

Mr. HENRY MERZ, of New York, color manufacturer, made a statement in regard to the duty on colors. He said:

In 1883 the duty was changed in relation to aniline colors. Before 1883 we had a duty on aniline colors—a duty of 50 cents per pound and 35 per cent. ad valorem. In the tariff bill of 1883 the 50 cents per pound specific duty was taken off and the duty on all the raw material was left, thus putting this industry in a very abnormal condition. Shortly after this change was made in the tariff about six color factories had to stop work entirely, and all their machinery was a dead loss to them. The other four factories have been able to continue, in connection with other products that they made, and particularly on account of aniline oil coming in free. That enabled them to keep alive. Now we find that it is utterly impossible for us to continue or to expand unless we have the duty taken off our raw materials. It is not possible for us to make money in manufacturing colors unless the duty be taken off the raw materials. Therefore, we come to ask you to-day to remove the duty on these raw materials so as to enable us to develop this industry to its fullest extent.

Mr. McKINLEY. State what are the raw materials that enter into your industry.

Mr. MERZ. That statement is made in the memorial which will be read to you by Mr. Hudson.

(The memorial was read.)

Mr. HUDSON. There is also one article which we would like to have properly interpreted by the Treasury officials. That is, the meaning of the words, "aniline, crude."

Mr. McKINLEY. If you had all the raw materials (as set forth in your memorial) admitted free of duty, could you stand the lessening of duties on the colors?

Mr. HUDSON. No, sir; we have been forced to abandon the manufacture of almost all colors, except those in which aniline oil enters.

Mr. HEWITT. That was owing to the tariff bill of 1883?

Mr. HUDSON. Yes, sir.

Mr. HEWITT. Mr. McKinley asked you whether that would restore your ability to make colors.

Mr. HUDSON. Yes; in some cases, but not in all.

Mr. HEWITT. Why could you not compete without a duty?

Mr. MERZ. On account of the additional cost of labor in this country and the additional cost of plant.

SALT.

STATEMENT OF MR. G. H. SMITH.

Mr. G. H. SMITH, of Warsaw, N. Y., salt manufacturer, addressed the committee. He said:

On behalf of the salt manufacturers of Wyoming, N. Y. (the new field), I have to say that, within the last two years, we have invested practically about \$2,000,000 in salt plant.

Mr. HISCOCK. I understand that this is not in Syracuse?

Mr. SMITH. It is in the western part of New York, in the new field. We have invested, as I say, \$2,000,000 under the present tariff; and the proposal of your committee to remove the existing duty on salt will destroy the investment which we have made there and leave us entirely out in the cold. Foreign salt is being sold in New York to day for less money than it actually costs us to make it; I have the figures by which you can see at a glance that there is no margin left to us to put salt into the market against foreign competition.

Mr. HISCOCK. The industry you speak of is in what county of New York?

Mr. SMITH. In Wyoming County principally. It is a new industry; yet our product for 1885 was about two-thirds of the product of the Syracuse field, or between 4,000,000 and 5,000,000 tons.

Mr. HISCOCK. But you say that, so far as the development of this industry is concerned, it has been limited; and that the whole development is due to the protection

which salt had before this, making it possible for people to sink their wells and develop the industry?

Mr. SMITH. Yes.

Mr. HISCOCK. So that the effect of it has been (so far as New York is concerned) to put a competitor in the market with the salt works at Syracuse?

Mr. SMITH. Yes; since our field has come into the market the average price of American salt has been reduced from the additional competition of this new field.

Mr. HISCOCK. How much has the price been reduced?

Mr. SMITH. A little over 30 per cent.

Mr. HISCOCK. What is the price per 56 pounds of pure salt at your works?

Mr. SMITH. The average price at which we are selling now by the barrel is a fraction less than 8 cents a bushel.

Mr. HISCOCK. And how many bushels to the barrel?

Mr. SMITH. Five bushels to the barrel.

Mr. HISCOCK. So you are selling salt at 40 cents a barrel?

Mr. SMITH. At 60 cents, with the barrel; 40 cents for the salt. We are selling it at the price forced by the competition of the new field, and by the amount of foreign salt which comes into the market.

Mr. HEWITT. Where is the new field?

Mr. SMITH. In Wyoming County.

Mr. HEWITT. If you cannot stand the competition of foreign salt, how can Syracuse stand it? I understand that you are underselling Syracuse.

Mr. SMITH. I do not understand that we are underselling it. The salt is sold in the market on the same basis.

Mr. HISCOCK. Mr. Smith says that the effect of the new field coming into the market has been to reduce the price of salt practically from 12 cents to 8 cents a bushel.

Mr. HEWITT. If salt were free, at what rate could foreign salt be sold in New York?

Mr. SMITH. Liverpool salt is selling to-day at New York for 10 cents a bushel with the duty paid of 4.48 cents. That would make the cost of foreign salt about 5½ cents a bushel.

Mr. HEWITT. And that you could not stand?

Mr. SMITH. No; it costs us more than that at the works. It costs us 2 cents more to put it on the cars.

Mr. HISCOCK. If the effect of reducing the duty on salt were to lower the price of salt, then the effect would be to destroy your industry there?

Mr. SMITH. Yes; the taking off the duty would virtually destroy the investments we have made there, because, even on the basis of the present prices, it is down to a point where really there is no margin left. Our only hope now is in Congress taking off the rebate upon the salt used for packing meats for foreign export. We think the salt industry is not protected as it deserves to be in comparison with other industries. The reduction in the tariff of 1874 was so extreme that it has not left us as much protection as many other industries have.

Mr. HEWITT. You do not object to the rebate that is allowed to packers?

Mr. SMITH. Except that having the business of the packers as a market for our salt, it would be, of course, an additional compensation to us here. It would give the American salt-makers that market.

Mr. HEWITT. Taking it out of the pockets of the American people and giving it to American salt-makers.

Mr. SMITH. The consumption of salt in this country per capita is less than 1 bushel, and the distribution of the duty on that bushel of salt would hardly benefit the consumer. It would probably go between the jobber and the retailer.

Mr. HEWITT. If you heard that as often as we do, you would begin think that "many a mickle makes a mickle."

Mr. SMITH. I mean to say that there is no necessary of life where the tax is so small as in the matter of salt.

Mr. HISCOCK. The effect of the tariff on salt would not be more than 2½ cents a head?

Mr. SMITH. No, sir; and that the consumer would not get.

Mr. HISCOCK. Is there anything else that you desire to say?

Mr. SMITH. I do not know that there is. I have a paper here which I will leave with the reporter.

The paper is as follows:

Why a protective tariff should be maintained for the salt industry of the United States.

The discovery of the bed of pure solid salt in Western New York of almost unlimited extent, sufficient to produce more than our own country can consume in all probability during very many years to come, of a quality equal if not superior to any salt found in the world—the official analysis of the salt showing a larger percentage of chloride of sodium (or pure salt) and smaller percentage of foreign substances, is now

fully established by the highest authority, and is an accepted matter of fact (see reports New York State chemist)—destroys the argument that has been advanced by the friends of free trade, that the finer grades of pure salt, which are necessary for many purposes, can only be obtained abroad and should therefore come in free.

The finest and purest salt is now being supplied from our own fields, and a large and increasing industry can, with a wise policy of protection, be built up in our own country. In 1882 work was commenced in the newly discovered fields at Warsaw, N. Y., and in 1883 about 700,000 bushels of fine salt were made; in 1884 the production was nearly 2,000,000 bushels, and during the last year, 1885, over 4,000,000 bushels were produced, and in the present year, with the additional completed works of new companies, the production can be made nearly as large as the average yearly production of the Syracuse district, between 7,000,000 and 8,000,000 bushels.

Twenty-one companies, with an aggregate capital of nearly \$2,000,000, are now manufacturing salt in this field, giving employment to nearly 1,000 persons.

This is an interest that deserves the protection of a higher tariff. It is a new element of competition in the home market, which, together with the cheap foreign salt, made with poorly paid labor, has forced prices to the lowest point yet reached, and figures given here below will show the disadvantage under which the American salt manufacturer labors with the present low tariff on imported salt.

The cost of English salt on board vessel, as given by a large English salt manufacturer, and which is wholly reliable, and the present cost of American salt as furnished from entirely trustworthy sources, are as follows:

Cost per bushel of 56 pounds of salt.

English.	Cost, per bushel.	American.	Cost, per bushel.
	<i>Cents.</i>		<i>Cents.</i>
Labor	0.42	Labor	3.40
Fuel	1.28	Fuel	2.80
Brine, taxes, wear and tear	0.32	Brine, wear and tear	0.95
Loading	1.60	Taxes and insurance	0.35
Cost on vessel in Liverpool	3.62	Cost on cars at works	7.50
Add average freight to New York	2.40	Add freight to New York	6.00
Present duty	4.48		
Total cost in New York	10.50	Total cost in New York	13.50

Or 10½ cents per bushel for English salt against 13½ cents per bushel for American salt, showing an advantage of cost to the English manufacturer of 3 cents per bushel.

Under the pressure of this competition the American salt manufacturer is at this time selling the larger part of his production at an average price of 60 cents per barrel at the works, from which, deducting 22 cents for cost of barrel, leaves only 38 cents for 280 pounds or 5 bushels of salt at the works, which is only one-half of a cent per barrel over the above figures of cost, in which no allowance is made for interest on investment, and with this statement of facts the American manufacturer asks an advance in the duty on salt to 12 cents per 100 pounds instead of 8 cents per 100 pounds, the present tariff, and the tariff to cover all foreign salt used in packing meat for export, which is now rebated.

The consumer receives no benefit from the lower duty. The consumption of salt in the United States, per reports American Encyclopedia, does not exceed 1 bushel per capita, which makes the cost so light that the difference of a few cents per bushel in duty does not reach the retail price, but is divided to the benefit of the jobber and retailer. It is the smallest tax and most evenly distributed of any necessity of life.

MARBLE.

STATEMENT OF MR. DAVID CLARKSON.

Mr. DAVID CLARKSON, of New York, made a statement on the subject of marble. He said:

Mr. Chairman and Gentlemen: A petition, a copy of which I hold in my hand, has been distributed to each member of this committee. A subcommittee representing the marble industry had a meeting in New York on the 11th of February. It consisted of Mr. Baird, of Philadelphia, Mr. Torrey, of Boston, and myself. Mr.

Baird and Mr. Torrey would have been present to-day if they had known that they could have had such easy access to this committee-room. All that this interest asks is simply that a relatively higher tariff shall be placed on a manipulated block of marble than on the block itself. That is the object of my appearing before you, and for the purpose of giving such information as I can give to this committee in order to determine the proper rate of duty.

This sawed marble comes from Italy, and it is only under the tariff of 1883 that it has been imported for many years. The rates proposed in the bill before the committee would afford us no relief. They are substantially the same as in the tariff of 1883. The same trouble exists in the proposed bill as in the tariff of 1883—that the raw material is higher than the sawed blocks. One of the difficulties that we have to contend with is the cost of labor. Probably there is not an article brought into the country on which more labor is bestowed upon the finished product, relatively to the first cost of it, as marble. Another trouble is the waste in dressing marble. Under the existing law, a cubic foot, consisting of 16 slabs of three-fourths of an inch, is allowed to come in at the same duty as a cubic foot of marble which would produce only 12 slabs. There is a waste of 25 per cent. That, added to the 66 per cent. present duty on marble, would make the duty actually amount to 88 cents a foot.

With reference to the question of labor, probably there are no two countries more diverse in the wages paid than this country and Italy. We pay the persons engaged in the sawing of marble \$2 per day, while in Italy they are paid 1½ or 2 lire, equal to 40 cents a day, a difference of \$12 a week against \$2.40.

The CHAIRMAN. Can the Italian workmen saw as much for 40 cents a day as our workmen can for \$2 a day?

Mr. CLARKSON. The time of labor in Italy is ten hours a day.

Mr. McMILLIN. How about the relative efficiency of the labor in both countries?

Mr. CLARKSON. These slabs of marble are sold in Italy at 20 cents a superficial foot. It costs, to produce them here, out of Italian marble blocks, from 28 to 29 cents a foot. There is a difference therefore of 8 cents a foot between what they can be produced for in Italy and what they can be produced for here.

Mr. HEWITT. To what rate would we have to reduce the duty on marble in the rough to suit you?

Mr. CLARKSON. It should be made free.

Mr. HEWITT. Would you have any objection to having it made free?

Mr. CLARKSON. None whatever, but there are objections to it.

Mr. HEWITT. You represent importers and manufacturers of marble?

Mr. CLARKSON. Yes, but there are other interests to be considered. The Vermont marble interest is a very powerful one and we do not wish to antagonize it. I believe that Vermont and Tennessee are perfectly willing to have a relatively higher duty on slabs than on blocks.

Mr. HEWITT. Why would it not do to have free trade on blocks?

Mr. CLARKSON. We are not ready to have the rate on blocks lowered. We are willing to have any rate whatever on blocks provided that the duty on slabs be relatively higher.

Mr. HEWITT. I understand the difficulty of which you complain has been produced by the tariff of 1883?

Mr. CLARKSON. Yes.

Mr. HEWITT. It did not exist prior to that?

Mr. CLARKSON. No.

Mr. HEWITT. And you want this duty either taken off marble in the rough, or increased on the manufactured marble?

Mr. CLARKSON. Yes. I think that a committee of the trade has prepared a formal reasonable proposition. I think we could import slabs if the rate were put at 15 cents per superficial square foot instead of 20 cents, which is the proposition of those who attended the meeting at New York.

Mr. HEWITT. Where are the mills situated that are engaged in the sawing of marble?

Mr. CLARKSON. In Chicago, Louisville, Hamilton, Toledo, Cleveland, Cincinnati, Baltimore, and Easton. There are several in Philadelphia and several in New York. I think there must be four in your Congressional district. The letter which I am about to read to this committee will reflect, I think, the desire of the trade so far as this legislation is concerned.

To the honorable the Committee of Ways and Means, House of Representatives, Washington, D. C.:

The undersigned, a committee appointed to represent the marble industry, do respectfully ask the attention of the Committee of Ways and Means, in the proposed revision of the tariff law, to the following paragraph of the present tariff relating to marble:

“SCHEDULE N.—Marble of all kinds, in block, rough, or squared, 65 cents per cubic

foot; veined marble, sawed, dressed, or otherwise, including marble slabs and marble paving tiles, \$1.10 per cubic foot."

The marble subject to duty under this clause is chiefly (almost exclusively) the product of quarries at Carrara, Italy.

We believe a discrimination in the rate of duties levied upon a raw material and that levied upon the manufactured product of such raw material has always been the distinguishing feature of the tariff system. This feature does not, however, prevail in the paragraph under consideration, for it will be noticed that "marble of all kinds, in block" (strictly a raw material), is liable to a duty of 65 cents per cubic foot, which rate, reduced to ad valorem, is equivalent to 91 per centum upon the market value or cost at the place of production, namely at quarries at Carrara (the transportation charges from quarries to vessel at Leghorn or Genoa being exempt, under act of March 3, 1883), whilst the duty on marble slabs, sawed in Italy from this same block marble, is \$1.10 per cubic foot, which is equal to 75 per centum ad valorem.

It is entirely for the purpose of adjusting this evident discrimination against the industry we represent that this petition is presented. In addition to this disadvantage, we have also to contend with the fact that, under this tariff, a cubic foot of imported marble in the block will only yield, when sawed in this country, by reason of the waste in sawing, eleven slabs seven eighths inch, while there are imported to the cubic foot fourteen slabs seven eighths inch; besides, we have also to compete with the low price of labor and sawing in Italy, and also in the saving in the freight to the shipper, which, being upon weight, is the same upon fourteen slabs as upon the cubic foot producing but eleven slabs of the same thickness.

We are now confronted with the inevitable effect of this tariff. Since its adoption the marble saw-mills in Italy have considerably enlarged their capacity for sawing, and new mills are being constructed, resulting in very large and increasing shipments of marble slabs to this country, and which, if not speedily arrested by a revision of the present tariff, will result in a discontinuance of the importation of marble in the block, thereby injuriously affecting, if not destroying, the large investments of capital in marble saw-mills established throughout this country, and throwing out of employment many thousand employes.

All that this important industrial interest claims is, that when marble is advanced in manufacturing beyond that in the block the tariff shall not discriminate against the American industry.

We respectfully submit an amended paragraph, which, we feel assured, will be regarded as maintaining the relative standard we seek:

"Marble of all kinds, in block, rough or squared, 50 cents per cubic foot: veined marble, sawed, dressed, or otherwise, including marble slabs and marble paving tiles, not exceeding 2 inches in thickness, 20 cents per superficial square foot; if more than 2 inches in thickness, \$1.35 per cubic foot."

In submitting this amended paragraph we do not think it will be denied that the present tariff on marble in the block is not required either for revenue or for protection.

Persuading ourselves that we have not failed to make apparent the reasons which justify and render necessary a revision of the tariff, as it relates to marble, we respectfully submit this petition, and for which your petitioners earnestly plead.

Signed by—

Mr. John Baird, of John Baird & Sons, Philadelphia; Mr. Torrey, of Bowker, Torrey & Co., Boston; Mr. W. H. Evans, and Mr. Hugh Sisson, of Hugh Sisson & Sons, Baltimore; Mr. William Goodall, Cincinnati; Mr. Davidson, of Davidson & Sons, Chicago and Milwaukee; Mr. C. Maxwell; Mr. David Bailie, of Samuel Bailie & Sons; Mr. R. C. Fisher; Mr. Jason Sherwood, of Sherwood, Morgan & Co., and Mr. D. Clarkson, of Pells & Co., New York.

A subcommittee, consisting of Messrs. Clarkson, Baird, Torrey, and Evans, were appointed to visit Washington in relation thereto.

NEW YORK, *February 11, 1886.*

Mr. HEWITT. What is the freight on the ton of marble from Italy?

Mr. CLARKSON. The present rates by sailing vessels are \$3.50 a ton, and by steamer, 18 shillings.

Mr. HEWITT. What is the freight from Vermont to New York a ton?

Mr. CLARKSON. About \$2 a ton.

Mr. HEWITT. So that the protection in the way of freight is about \$1.50 a ton?

Mr. CLARKSON. Yes, but they have to pay freight on a cubic foot of marble from which we can only get eleven slabs.

Mr. BRECKINRIDGE, of Arkansas. What is the percentage of waste in dressing marble?

Mr. CLARKSON. From 15 to 25 per cent.

Mr. MILLS. Do you use much machinery in your work?

Mr. CLARKSON. Yes; we use machinery very largely.

Mr. MILLS. Do they use machinery in Italy?

Mr. CLARKSON. Not beyond the sawing of marble.

Mr. MILLS. But you use machinery beyond the point of sawing?

Mr. CLARKSON. Yes; we use machinery in the manufacture of articles.

Mr. MILLS. In \$100 worth of marble product, how much would it cost you probably for labor?

Mr. CLARKSON. That would depend upon the article. You can take a cubic foot of marble and put \$10 worth of work upon it, and you may take another foot of marble and not put more than \$2 or \$3 worth of work upon it.

Mr. MILLS. I am talking as to the cost of labor on a piece of marble costing about \$100.

Mr. CLARKSON. That would depend upon the article. If they were table slabs worth \$100 the cost of labor in them would not be more than \$50. If it were a monument the labor might be possibly from \$500 to \$1,000.

Mr. MILLS. I mean how much would you have to pay for labor on \$100 worth of the finished product which you put upon the market.

Mr. CLARKSON. I expect two-thirds of it would be in labor. Mr. Evans, who accompanies me, can make the calculation.

Mr. EVANS. One-half the cost is in labor.

Mr. MILLS. Can you state about the cost in labor of \$100 worth of finished marble in Italy.

Mr. EVANS. We are referring to marble not finished beyond the sawing. The cost of sawing in Italy is about 4 cents a foot, and here it is 10 cents a foot. Speaking of the relative efficiency of labor in the two countries, I would say that there is no difference in the sawing. The sawing is all done by machinery. They saw with sand and water as we do, and the saws in Italy (if the sand is equally good) will saw as much per day as they do here. As to the efficiency of their labor in the quarry, I think it is quite as great as ours.

Mr. BRECKINRIDGE of Arkansas. Can they quarry a ton of marble in Italy as cheaply as we can here?

Mr. CLARKSON. They can quarry cheaper there than we can.

Mr. BRECKINRIDGE of Arkansas. Do they employ machinery in quarrying to the same extent that we do?

Mr. CLARKSON. No, sir.

Mr. BRECKINRIDGE of Arkansas. Then a ton of marble quarried without the aid of machinery would cost as much, I suppose, as it would where there is high priced labor with the advantage of machinery?

Mr. CLARKSON. No doubt. There are marble quarries in this country where the marble is taken out by machinery. In Tennessee, where the quarrying is done more in the same way as in Italy, it costs a good deal more.

Mr. McMILLIN. I want to get at whether the labor of a man in Italy will get out the same quantity of marble as it will in the United States.

Mr. CLARKSON. If it is aided by machinery in this country, the labor in Italy will not take out as much.

Mr. McMILLIN. You mean as quarries are now run here?

Mr. CLARKSON. Yes.

Mr. HEWITT. Take Tennessee, where you say the quarrying is done as it is done in Italy; does labor in Italy produce as much as it does in Tennessee?

Mr. CLARKSON. Yes.

Mr. McMILLIN. Does it on an average in the United States?

Mr. CLARKSON. Yes.

Mr. HEWITT. You mean where the methods are the same?

Mr. CLARKSON. Yes.

Mr. HEWITT. And you say that in Vermont they are not the same, but in Tennessee they are the same?

Mr. CLARKSON. Yes.

Mr. MILLS. Why do they not use machinery in marble quarries in Tennessee?

Mr. CLARKSON. The marble there lies differently; it lies at a heavy angle.

Mr. MILLS. Then it is a question of stratification?

Mr. CLARKSON. Yes.

Mr. HEWITT. Have you visited the new marble openings in Georgia and North Carolina?

Mr. CLARKSON. No, sir.

Mr. HEWITT. The developments there are as favorable as in any part of the world.

Mr. EVANS. Yes; but the quality of the marble is very different from Italian marble.

Mr. HEWITT. You get as good marble from Vermont as you do from Italy?

Mr. EVANS. It is of a very different grain.

Mr. MILLS. Can the same amount of labor in Italy, for the same time, produce as much in finished articles in marble as in New York?

Mr. EVANS. Yes.

Mr. HEWITT. As a matter of course, the best marble workers of the world are in Italy?

Mr. EVANS. Yes. They use saws and they use lathes for turning, and they use polishing planes as we do. There is very little difference in their modes outside of quarrying. In finishing they adopt about the same processes.

Mr. MILLS. We pay our laborers twice as much as they do theirs.

Mr. EVANS. They pay their laborers from $1\frac{1}{2}$ to $2\frac{1}{2}$ francs a day.

Mr. HEWITT. What do the wages of our laborers in the quarry average?

Mr. EVANS. From \$9 to \$12 a week, or from \$1.50 to \$2 a day.

Mr. HEWITT. I can confirm the statement of Mr. Evans as to Italian labor. I never saw better labor or better men than I have seen there. They are a great race, and are going to rule again as they did before.

SPELTER AND ZINC.

STATEMENT OF MR. ARCHIBALD MEANS.

Mr. ARCHIBALD MEANS, of Peru, Ill., addressed the committee on the subject of the duties on spelter and zinc. He said:

Mr. Chairman and Gentlemen: I represent a manufactory of spelter and zinc, which produces one-sixth of the entire product of the United States, and I have prepared a statement in regard to that interest which I will submit to the committee.

That the committee may understand the relative importance of the zinc industry of the United States, I call attention to the following table, which shows the world's production of spelter (zinc) in the year 1883, which is the latest reliable report obtainable. These statistics are given in metric tons, but for the convenience of the committee I have changed them to the ordinary ton of 2,000 pounds.

	Tons.
Germany	128,590
Belgium	83,053
England	30,970
United States	36,872
France	16,530
Spain, Austria-Hungary, and Poland	14,564
Total	310,579
Total product in 1882	306,159
Increase	4,420

It will thus be seen that Germany and Belgium are the two most important zinc-producing countries, and that the principal competition for the American product comes from those countries. Of the total German product, in 1883—

	Tons.
Silesia produced	78,704
Rhenish district produced	26,967
Westphalia produced	23,919
Total	128,590

In Belgium, the principal zinc works, and probably the largest in the world are located near Seraing. These works produce annually about 50,000 tons, nearly one-sixth of the world's annual supply. In all the districts herein named, wages are very low. Mr. Daniel Dalmann, secretary of the German Zinc Association, gives the following as the wages paid in the zinc mines of Silesia:

	Average per annum.
1879	\$88 77
1880	94 72
1881	95 22
1882	94 92
1883	96 04

I present also from the same source the average annual wages paid in the Silesia zinc works and in the sheet zinc mills; also the number of wage workers employed, and the sex:

Year.	Male.	Female.	Total.	Average wages per annum.
1879.....	3,701	1,017	4,718	\$145 72
1880.....	3,786	982	4,768	148 10
1881.....	4,042	1,272	5,314	142 05
1882.....	4,217	1,131	5,348	141 88
1883.....	4,226	1,285	5,511	140 81

Wages in sheet zinc mills in Silesia.

Year.	Workmen.	Average wages per annum.
1879.....	391	\$128 88
1880.....	358	130 15
1881.....	412	147 18
1882.....	391	148 55
1883.....	454	153 64

The increase in wages is due to the return of the Empire to protection. This increase has also taken place in the iron and steel industries, official figures of the German Iron and Steel Association showing that one-third more persons are now employed in those industries than in 1879, and all receive 15 per cent. more wages.

The above figures are sustained by Mr. Robert P. Porter, who visited both the German and Belgium zinc regions in 1883 and 1885. Referring to the German industry, Mr. Porter said: "The wages paid in this industry remain exceedingly low, though somewhat increased, and I found a large number of hands engaged in making spelter, earning only 2 marks (less than 50 cents) per day. The best hands rarely receive more than 2 marks 50 pfennigs (62½ cents), and 3 marks (71 cents) would be unusually high pay." In an industry where such a large percentage of the value of the commodity represents labor it is difficult to understand how the great Western zinc and spelter mining and manufacturing firms of the United States can compete with such low-priced labor, even with the present tariff. There is relatively more labor employed per the ton in producing zinc than in any other metal, except gold, silver, and copper. This statement I believe to be true. Speaking of the Belgium zinc workers, Mr. Porter says:

"The men are paid every two weeks. Zinc rollers earn about 96 cents per day of ten hours; makers of 'lozengers' for roofing tiles, from 78 cents to 96 cents per day. The laborers and miners earn the same as this class of labor in other industries, namely, from 50 to 62½ cents per day. As in the case of Seraing, many of the workmen reside 10 or 15 miles away from the works and come for the week, bringing their food with them. Saturday nights, both in Belgium and across the border, in Prussia, you see hundreds of these workers streaming along the shaded roads towards their homes. Monday morning, long before sunrise, they return, loaded with their week's provisions, which consist of two large loaves, a piece of bacon or sausages and eggs. Potatoes and onions they buy in the vicinity of the works. The Belgium workman lives principally upon rye bread, fat, and vegetables. Fresh meat to him is a luxury only to be thought of on special occasions. Sugar, milk, and cheese are also luxuries. They drink prodigious quantities of bad rye brandy, which is very cheap. He wears generally trousers of cotton check, a red flannel shirt, over which is a cloth shirt, and which joins to an ordinary vest, forms a kind of sleeved waistcoat, which serves for a working costume. He wears overalls to go to the shop or factory in. Wooden shoes are almost universally worn, costing from 60 to 80 centimes a pair (12½ to 15 cents). They generally have a best suit for Sundays and feast days. Of underneath garments both male and female workers are almost absolutely destitute, and they rarely change frequently enough for decency."

While the wages paid in our chief competing countries for this work is very low and the condition of the workmen very far below the American workmen, the Tenth United States Census shows that the average annual wage paid all persons employed in this industry, including children and youths, was \$519 per annum. It will also be observed that in the United States no women are employed in this industry, though in Germany and Belgium women are employed at as low as 25 and 30 cents per day, both in mining and smelting, and in various occupations in the mills. The figures I

have presented above, on the authority of the secretary of the Society of the German Zinc Association, show that nearly one-third of those employed in this occupation are girls and women. Until we graduate our sisters and daughters in mines and zinc mills, the most disagreeable of occupations, we shall be unable to compete with the cheap labor of Germany and Belgium.

I now present to the honorable committee a statement of the wages paid last year in the works which I represent :

Labor on the furnaces.

No. of men.	Hours.	Average per day.
62	12	\$1 90
40	12	1 45
76	8	1 45
22	10	1 20
4	10	85

Labor in sheet-zinc mill.

	Hours.	Average per day.
9 rollers	8	\$3 00
18 rollers	10	1 80
24 men	10	1 35
10 men	10	1 60
26 boys	10	85.

To compare these rates of wages with those paid in Belgium and Silesia brings out the fact that we are obliged to pay some grades of workmen, rollers, for example, as much in one day as the entire wages for a week would come to in Silesia. In every case, it is within the mark to say, wages are twice as much in the United States, and in some instances, as I have shown, a still greater difference exists.

If the census estimate may be relied on—and as that is official I am not inclined to question it—the average annual wages paid in the United States in this industry exceed the average annual wages paid in Germany three times; that is, we pay thrice the amount annually to each person engaged in the work, and this applies alike to those engaged in mining and in the manufacture of zinc. Take, for example, the American miners, and I think that every member of this honorable committee will agree that \$300 per year is a low estimate of the income of an American miner, but even this sum is three times greater than the income of a Silesian miner, according to the official statement made by the secretary of the German association.

With this great difference in the cost of labor, the zinc industry since 1868 has been accorded a protection of 1½ cents per pound, which has been an average ad valorem protection, as the following official table shows, of about 33 per cent. :

Year.	Average year reduced to ad valorem.	Year.	Average year reduced to ad valorem.	Year.	Average year reduced to ad valorem.
	<i>Per cent.</i>		<i>Per cent.</i>		<i>Per cent.</i>
1867	33. 66	1873	27. 89	1879	39. 96
1868	33. 53	1874	28. 84	1880	32. 63
1869	36. 95	1875	28. 39	1881	34. 19
1870	33. 29	1876	27. 12	1882	37. 46
1871	33. 92	1877	30. 04	1883	39. 06
1872	33. 88	1878	33. 00		

The apparently high-average ad valorem rate for 1885, for example, can, I think, be explained by the abnormal low price brought about by conditions of trade, competition, resulting in the market value in the country being at times below actual cost of production, which I need not further attempt to explain.

There is no combination or association of the zinc producers in the United States, but I wish to state that there has been a combination in Europe, styled a syndicate, which expired by limitation last year, and was again renewed. This system controls the product of the three largest companies on the continent, and it is stated, on what

I regard as good authority, that nearly all of the zinc production of Silesia has, since 1st of August last, been controlled by this syndicate on an agreement for a period of four years. It is against this sort of competition and combination controlling the low-wage people of Europe, that we ask your honorable committee to protect the zinc industry in this country.

Under protection the annual product of zinc in the United States has steadily increased: In 1873 it was 7,343 tons; 1875, 15,833 tons; 1882, 33,765 tons; 1883, 36,872 tons; 1884, 38,544 tons.

We are now manufacturing more zinc than England. The policy of free trade has seriously injured the zinc industry of England, while it has practically destroyed the British lead industry, and in an exceptionally short space of time. Formerly England drew from her own mines every ounce of lead she consumed, and exported large quantities besides. The British producer of lead is now extinct. Not a single lead mine pays its way. More than thirty thousand able-bodied miners have been thrown out of work by admitting duty free lead from Spain. It will soon be the same with zinc. One Belgium company supplies England with 10,000 tons of zinc annually. It is strange that the wonderful facility which free trade is said to give to England for the transportation of ores from various parts of the world should not have prevented the palm of this industry from going to Belgium and Germany, two countries wedded to protection. The English, however, content themselves with the explanation that the reduction of the ores in the crucibles is a most delicate operation, in which the Belgians and Germans have acquired great skill, and that although foreign workmen have been introduced into England their labors have not been crowned with success.

Should we reduce the duty of zinc $33\frac{1}{3}$ per cent., as is proposed in the bill your committee has prepared, Belgium and Germany will practically control the American market, and the imports which now fluctuate greatly will steadily increase until the American works will be obliged to close or reduce wages one-third. I do not think this is desirable, as the men are not getting more now than they ought to have. It will also largely increase importation, and will not, therefore, reduce the revenue as some seem to think it will.

Mr. Chairman. I have confined myself entirely to the smelting of zinc, and to the cost of wages, &c., with the expectation that the ore miners would represent their interest before you; but they have not done so, and I have, of necessity, to present the leading facts in regard to supply of ores, and the relative cost in Silesia and in this country, that you may have a full knowledge of the entire subject which I present to you. I use again the figures of Dr. Dalmann, secretary of the German Association, for cost of the Silesian ore, and give the average cost of the Missouri and Kansas ore during the same period.

Year.	Average value per ton.	
	Silesia ore.	Missouri and Kansas ore.
1879.....	\$2 32	\$13 20
1880.....	3 44	17 20
1881.....	2 27	14 50
1882.....	2 53	17 20
1883.....	1 90	20 00

The supply of zinc ores is derived in the West from the mines in Illinois, Wisconsin, Iowa, and largely from Missouri and Kansas. The State of Arkansas has large deposits of zinc ore, but as yet there has not been much development because of the want of railroad facilities of transportation. East Tennessee also contains deposits of zinc ore. Considerable progress has been made in the State of Virginia in the development of ores, also in the production of spelter, and the completion of the Roanoke Western Railroads into the zinc and coal districts will aid materially in further development in that State. Pennsylvania, New Jersey, and Maine also contain zinc deposits that have been developed to some extent.

	Tons.
Illinois produced.....	17, 594
Missouri and Kansas produced.....	13, 089
Eastern and Southern States	7, 861

38, 544

Product of spelter in the United States in 1884:
Of this amount sheet zinc made was

13, 500

Total consumption of spelter 25, 044

We protest against any reduction of duty on sheet zinc, and ask for a duty of 2 cents per pound on spelter.

The spelter production in Silesia is increasing rapidly, having been in 1883 14,059 tons greater than in 1878. The supply of zinc ore in that district, which is immediately on the borders of Russia, is only limited by the amount of labor and capital which may be engaged in the business. The largest single concern engaged in the business of mining and smelting zinc made a large profit, and paid 12 per cent. dividends in 1883. The people are, as heretofore stated, barely emerging from a feudal condition, and they are compelled to labor at wages that has no parallel in this country. I cannot give you the rate of wages paid for labor in mining zinc ores as I have given in the smelting business.

I understand, in a general way, that this House bill, No. 5576, in which you propose to allow zinc ores to be imported free of duty, and to reduce the duty on spelter 33½ per cent., has been based upon an ad valorem cost of zinc in Silesia, and not on cost in the United States. Now, gentlemen, I do not see why you should assume to deal with this question with a view to place the Silesian product on a parity with our Western products on the basis of cost of labor only. The fact is, that the condition of the ore supply in that district, as previously stated, makes your proposition to determine the duty on an ad valorem basis most unjust to both the ore producer and the smelter in this country, unless at a rate that will bear a nearer relation to the actual difference in cost of producing and mining the ores in the two countries, and I maintain that the duty on spelter should not be less than 2 cents per pound to place us on a fair parity with the Silesian products of spelter.

The CHAIRMAN. Did I understand you to say that the ore was worth about \$1.90 a ton in Silesia?

Mr. MEANS. What I said was, that the secretary stated that the ore cost \$1.90 a ton.

The CHAIRMAN. How much would it cost to lay it down here?

Mr. MEANS. I do not know. I never figured on it.

The CHAIRMAN. Where do you get your materials?

Mr. MEANS. Illinois, Wisconsin, Iowa, Missouri, Kansas.

The CHAIRMAN. And out there you say the ore is worth \$20?

Mr. MEANS. The average of the ore last year from the Missouri and Kansas district cost that.

The CHAIRMAN. And how high a duty would you have to put on that Silesian ore, costing \$1.90, to enable these people who produce ore at \$20 to compete?

Mr. MEANS. I say it would require a duty of 2 cents a pound. We do not care anything about the ore coming from there.

Mr. HEWITT. Zinc ore is on the free list now, is it not?

Mr. MEANS. I do not know. I understand that this bill proposes to put it on the free list.

Mr. MILLS. Is the foreign ore as rich as ours?

Mr. MEANS. No, sir.

Mr. MILLS. To what extent is the difference of the metal in the two ores?

Mr. MEANS. I cannot answer your question precisely. Here is the difficulty of the business: They have any amount of the stuff there just by taking it out of the ground. My impression comes from a German manufacturer who predicted just such a condition of things. He says that they can get the ore out to any amount. Some of their ore averages, probably, the same as ours in metal, but the ore to which I refer here will not equal ours. What is the relative difference, I do not know.

Mr. McMILLIN. What is the freight on it, delivered at New York? From \$4 to \$5 a ton, I suppose.

Mr. MEANS. I do not know.

Mr. McMILLIN. What was the value of the product of your works last year? I want to get at it to see how much you pay for labor in, say, \$100 worth of your product.

Mr. MEANS. I would have to figure up the value of the labor in the ore.

Mr. McMILLIN. Take the ore and all the material after it is furnished you, and then state how much you pay for labor in producing the pig.

Mr. MEANS. According to my statement here it was, in 1882, 79½ cents per hundred pounds, and was reduced in 1883 to 70 cents a hundred pounds.

Mr. McMILLIN. What is 100 pounds of zinc worth?

Mr. MEANS. I cannot give you the figures in regard to quarrying the ore.

Mr. MILLS. Taking the ore as paid for, how much do you put into the labor of making the pig? I want to find out what you pay for labor in producing 100 pounds of zinc.

Mr. MEANS. Fifteen dollars and twenty cents a ton.

Mr. MILLS. And after it is made, what is it worth in the market?

Mr. MEANS. It has been selling at 4 cents per pound, or \$80 per ton.

Mr. MILLS. And for that you pay \$15.20 a ton in labor?

Mr. MEANS. Yes; I did last year on the basis of wages of which I have given you the actual figures.

Mr. KELLEY. Does that include the labor of getting out the ore?

Mr. MEANS. No; it does not include those other expenses incidental to a pig business. I did not care to put myself on record and give my competitors knowledge of what I was doing.

The CHAIRMAN. Without all the facts we cannot tell. You undertake to give us results and some of the facts. Some of the facts that are necessary for us to know are kept by gentlemen, because they do not wish to be publishing the condition of their business—whether they are losing or making money; but we have to take some things on credit unless all these facts are stated.

Mr. MEANS. I want to give all the facts that are necessary to a conclusion, and I think I have done it fairly throughout.

Mr. HEWITT. I understand you as saying that you pay not only more for the labor of producing the ore; but that, owing to the extraordinary advantages in the Silesian department, more labor is required for mining here than for mining there?

Mr. MEANS. Yes; that is the point.

Mr. HEWITT. You require more labor to get out a ton of ore and you have to pay higher for your labor than is paid in Silesia?

Mr. MEANS. Yes.

The CHAIRMAN. What is your product, sheet or pig?

Mr. MEANS. Both. We produce spelter and we roll that into sheet zinc. Four years ago I went into the sheet-zinc business.

Mr. BRECKINRIDGE, of Arkansas. What percentage of zinc is there in a ton of good American ore?

Mr. MEANS. From 20 per cent. to 45 per cent.

Mr. BRECKINRIDGE, of Arkansas. And in Silesian ore?

Mr. MEANS. I do not know. The Silesian ore is not of as high a grade as some of ours is. But that 45 per cent. is extraordinary. It is exceptional.

STATEMENT OF MR. T. A. M'CLELLAND.

T. A. M'CLELLAND (having been delegated by the mining interests of Southwest Missouri and Southeast Kansas) in an argument before the Ways and Means Committee, March 19, 1886, Washington, D. C., said:

Gentlemen of the committee: I thank you for this privilege accorded me arguing some of the features of the tariff bill now before you for consideration. The only features of the bill to which I shall call your attention are those affecting lead and zinc ores and their manufactured products; but more especially these ores. In the first place permit me to say, it is a matter worthy your consideration that the process of mining these ores is very dissimilar to that of coal or iron, both of the latter being found in well-defined leads or bodies, and when once developed, yield an average profit, so that by a combination of interests, the owners of such may and do often unite to the extent of monopolizing the business in such a way that the laboring man at best can only obtain day wages; while the deposits of lead and zinc ores, lying in fissures or pockets, widely varying in depth from the surface to 150 feet, and often in treacherous ground that must be timbered thoroughly, with no surface crop-pings, and hence nothing to guide the miner but his drill and pick. Therefore, you will see that for this class of mining the owner of the property, as a general thing, is unwilling to attempt a monopoly of the business. Hence the plan usually adopted is to lease the land in small lots to the miners on a reasonable basis of royalty; and water, one of the greatest obstructions, in many cases necessitating heavy plants of pumping machinery, is usually managed by the land owner; so you will see when a miner of these ores is fortunate enough to develop a paying deposit he reaps the benefit himself, and not as is the case in mining of most other ores, where the entire profits are absorbed by moneyed interests. The usual price for raising and cleaning lead ore by the miner is from \$10 to \$15 per 1,000 pounds, according to the price of pig-lead at Saint Louis, and the price obtained for zinc ores, \$12 to \$15 per ton, according to the price of slab zinc. Now the clause in the bill affecting these ores proposes making them duty free, whereas a duty now exists of 1½ cents per pound on lead ore, about the price the miners usually get for the ore under protection. On zinc ore there is the same duty of \$30 per ton, which is, as you will observe, about \$15 per ton more than the miners get for it; hence, as a result, should the bill become a law, we have enforced idleness and pauperism of a class of men whom it should be the policy of the Government to protect.

A few years ago a section of country in Southwest Missouri and Southeastern Kansas, that I represent here to-day, was a wild waste of forest and prairie, but is now inhabited by about twenty thousand people, who, though as a class poor, are neverthe-

less as peaceable, happy, and law-abiding as may be found anywhere, even among the more wealthy and cultured of the Eastern States, and, being consumers but non-producers of agricultural products, afford a ready market (having four lines of railway, all built since these mines were opened) for much of the produce raised at all points of the compass, from 50 to 100 miles away, and at a price that will compare favorably throughout the year with the market of Saint Louis, 336 miles to our east, thus saving rail freights for that distance to the agriculturists.

I apprehend that the features of this bill which we are opposing are strongly indorsed by Eastern manufacturers of our products, since lead and zinc ore on the free list would enable them to build furnaces on the Eastern sea-board, where transportation would only involve cartage on and off shipboard. As these ores are conceded to be the finest ballast, ocean freights would be practically nothing. As an evidence of this you will find towns and cities in some of the New England States with streets paved with stone brought across the water as ballast.

These smelteries once started on the sea-coast, and the possibilities being removed of mining these ores on this side, the production thereby materially diminished, as statistics show three-fifths of the zinc ore raised in the United States is produced in the district here represented, what assurance have we (now that the business is thrown into the hands of a few wealthy corporations) that lead and zinc in all their manufactured forms would be given to the people any cheaper than they are to-day? Indeed it is a fact that before the war, when there was no tariff on lead to this country, the market price was 9 cents per pound. When once our home production is gone where will be the competition? For, indeed, if we as a people know any one thing better than another it is that Europe is not generous without competition. For the last two years there has not been a time when pig lead could not be had in Saint Louis for $4\frac{1}{2}$ cents, and most of that time below 4 cents, and much of the time at $3\frac{1}{2}$. Now, as I understand, the object of this bill is to cheapen the price of living to the common people. Suppose the bill should become a law, or that portion herein considered, and you should succeed thereby in lessening the price of necessities to our miners, what will it avail them when to do so their occupation has been destroyed? What will it avail if bread may be had for a penny a loaf if they have not the penny? Low prices are not the questions with which the law-making power of this country want to deal to-day, as prices generally are certainly low enough to meet the views of the most conservative; but the question at issue should be and is remunerative employment of that mighty throng, the American laboring people.

If, by admitting lead and zinc duty free, foreign mines are made the source of our supply, where labor is obtainable from one-half to two-thirds cheaper than ours, why may not the same class of cheap labor be imported along with the ores to smelt the same, thus depriving American labor of even this the smaller part in the production of these metals? If you will go with me to Rich Hill and Joplin smelteries in Missouri, Pittsburgh, and Weir City, in Kansas, I will introduce you to expert smelters there but recently from Belgium, who will tell you that labor for which they received from 60 to 75 cents per diem in Belgium, they receive for the same service, working the same number of hours, \$2.50 per day in the furnaces of Missouri and Kansas. Another matter for your consideration is that our class of mining is yet in its infancy. Thirteen years ago, when first I visited this mining district, the area embracing the principal mines then was about 80 acres; to-day the work is being prosecuted at intermediate points over a section 30 by 40 miles in extent. When our mining shall have been systematized by the introduction of improved machinery, and when as cheap labor and as cheap money may be had in this country as are now obtainable in Spain, Belgium, and Silesia, then we can and are willing to compete in open market with the civilized world. I am only representing one mining district, but similar interests must be remembered in New Jersey, Illinois, Iowa, Wisconsin, Arkansas, Colorado, Dakota, Wyoming, Utah, and New Mexico; but especially do twenty thousand people of all political casts (though largely Democratic) in my district, speak to you as with the voice of one man, not that a bill upon your recommendation may become a law by which great and powerful corporations may be fostered, but that we may be protected in an honest means of living. I refer you to the condition of English mining since she approached a free-trade basis on lead, while under protection she not only supplied her own market but exported largely to other countries, and to-day she has not a single mine that pays for working, and thirty thousand able-bodied men have been thrown out of employment because of the free admission of Spanish lead. It would be impossible after our smelting interests were taken from us to compete with rates from Liverpool to New York or Atlantic ports. In this I refer you to the argument of J. H. C. Gross before the tariff commission (Vol. I, p. 1241) in Saint Louis, September 19, 1882.

The production of lead ore from our district for 1885 was 30,000,000 pounds, a material falling off from that of two years previous, the dull times throughout 1884 and 1885 having forced the price down until in many cases mining had become un-

profitable, and with these discouraging circumstances prospecting or developing ceased, and hence the impossibility of realizing the accustomed yield. I mention this fact to show that when, from any cause, the price of pig lead is reduced below a certain figure in an equal proportion will there be a falling off in production.

Pig lead in New York to-day is worth \$4.90 per 100 pounds, which is as high a figure as it has reached for two years, and yet there have been some recent importations which would yield the foreign owner, less ocean freights, \$2.90, the price with which we would have to compete to-day but for a tariff. Thus it may be seen that any reduction on lead or zinc ores or their products would certainly prove disastrous to these industries in this country.

The production of zinc ores, as shown by statistics for 1884, is as follows :

	Tons of 2,000 pounds.
Germany.....	128,590
Belgium.....	83,000
England.....	29,740
United States.....	36,920
France.....	16,000
Spain, Austria, Hungary, and Poland.....	14,000
Total.....	307,980
Product for 1882.....	304,197
Increase.....	3,783

As will be seen, Germany and Belgium, with the cheapest labor, lead in the production of zinc, hence the strongest and most dangerous competitors to American zinc. In 1883, of the producing countries in Germany, the product was as follows:

	Tons.
Silesia.....	78,704
Rhenish district.....	26,967
From other sources.....	22,919
Total as before.....	128,590

Belgium produces about one-sixth the world's supply of zinc, or nearly 50,000 tons; and according to Mr. Dillman, secretary of the German Zinc Association, wages were paid in the mines for men, women, youths, and girls in Silesia as follows (average amount per annum):

1879.....	\$88 77
1880.....	94 72
1881.....	95 22
1882.....	94 92
1883.....	96 04

As may be seen there was an increase in miner's wages from 1879 to 1883, which may probably be attributed to the Empire's return to a system of protection, yet it is a poor comment on low tariff or free trade when placed alongside of American wages for the same labor. The Tenth United States Census shows that for all persons engaged in this industry, \$519 was the average wages per annum.

Indeed statistics show that some labor in this country is paid as much for mining per day as the same labor would command in a whole week in a foreign land.

In the closing hours of the last Congress a bill was passed increasing the duty on sheet zinc one-half cent per pound, and we hope upon investigation your judgment will lead you to increase the duty on slab zinc to the same proportion, thereby leaving a fair and just competition between the two interests. It having been announced before my arrival here two days ago that arguments before the committee had closed, I did not expect to argue this case before you, but through the courtesy of your chairman I have been permitted to do so, and with such data as I have been able hastily to obtain these suggestions are presented in an uncondensed form; the items herein are considered collectively, because they run parallel and, indeed, are inseparable. With more time to prepare an argument and the collection of general statistics, much more might be said on the subject.

MACARONI.

STATEMENT OF ANTONIO RAGGIO.

Gentlemen: *In re* House bill 5082, to restore the duty on imported macaroni, vermicelli, and other like products, we respectfully beg leave to present to your honorable committee such information regarding the manufacture of the above-mentioned articles as we think will enable you to act more intelligently in the consideration of said bill.

In order to produce the best grades of macaroni it is necessary to use the hard wheats raised in the Northwestern States, from which wheat the farina is made.

To each barrel of farina there is required 6 bushels of wheat, equivalent to 196 pounds of farina, which, if it was desired to import, would compel us to pay a duty of 20 per cent., notwithstanding the fact that macaroni and like products made from farina are brought into this country free of duty. In fact, all of the materials employed in producing and putting up macaroni ready for the market are dutiable, yet the article itself put up in packages and properly boxed are admitted into this country free of duty.

Since macaroni and vermicelli have been placed on the free list we have learned by carefully collected data that an annual falling off of 540,000 bushels of wheat, equivalent to 90,000 barrels of farina, has taken place in the manufacture of macaroni, which falling off, unless the duty is restored, will increase until each and every manufacturer will be compelled to close their factories, as a large number have already been forced to do.

Since this bill was introduced the price of imported macaroni has fallen from \$1.75 per box of 25 pounds to as low as \$1.35 per box, containing the same number of pounds, which has led to the market being flooded with imported macaroni, to the great hurt to home manufacturers.

We have carefully collected such data as will enable your honorable committee to judge of the justness of our cause, which data is hereto annexed in the shape of affidavits of reputable persons as to wages paid in foreign countries, and statements from well-known manufacturers setting forth a detailed account of the extent of their business during the time when the duty was imposed, and at the present time when no duty is imposed.

It will be seen from this data that in South America the wages of the employés are greater than in Italy, hence the manufacturers in this country do not fear competition from the South American countries, but only from those countries where labor is so very cheap, as in Italy and France.

We further state that until a duty was imposed upon macaroni there was but few houses engaged in the manufacture of this article, and it was not until a duty was placed thereon that its manufacture reached any importance in this country.

We are still engaged in collecting data to show the amount of capital invested in the business and the quantity of the article produced, which, when collected, we desire to submit to your honorable committee.

ANTONIO RAGGIO.
FRANK CUNEO.

DISTRICT OF COLUMBIA,
County of Washington:

Personally appeared before me, a notary public, the within named Antonio Raggio and Frank Cuneo, both of Philadelphia, Pa., who, being duly sworn, depose and say that the statements contained in the paper hereto annexed is true to the best of their knowledge and belief.

[SEAL.]

WILLIAM FITCH,
Notary Public.

WASHINGTON, D. C., *March 8, 1886.*

D. KLET & KNOWLLES, 396 AND 398 WYCKOFF STREET, BROOKLYN.

Question. What was the amount of capital you had invested at the time when there was a duty imposed on imported macaroni?—Answer. Twenty thousand dollars.

Q. How many persons had you employed at that time, and what was the amount of wages per week for each grade of labor?—A. One engineer, \$20; 1 driver, \$12; 1 box-maker, \$10; 3 boys or girls, at \$4, \$12; 2 pressmen, at \$12, \$24; 5 macaroni-layers, at \$5, \$25; 1 packer, \$10; 1 foreman, \$25; 1 book-keeper, \$12.50; 1 salesman, \$15; total, 17 employés, \$165.50.

Q. How much macaroni did you produce during the year 1882?—A. One hundred and eighty-five thousand pounds.

Q. What is the amount of capital you have invested at the present time?—A. Twenty thousand dollars.

Q. How many persons have you employed at the present time, and what is the amount of wages per week for each grade of labor?—A. One engineer, \$15; 1 driver, \$12; 1 box-maker, \$10; 3 boys or girls, at \$4, \$12; 2 pressmen, at \$10, \$20; 5 macaroni-layers, at \$7, \$35; 1 packer, \$10; 1 foreman, \$20; 1 book-keeper, \$10; 1 salesman, \$10; total, 17 employés, \$154.

Q. How much macaroni did you produce during the year 1885?—A. One hundred thousand pounds.

A. ZEREGA, 63 FRONT STREET, BROOKLYN.

Question. What was the amount of capital you had invested at the time when there was a duty imposed on imported macaroni?—Answer. Twenty-five thousand dollars.

Q. How many persons had you employed at that time, and what was the amount of wages per week for each grade of labor?—A. One engineer, \$18; 1 driver, \$12; 1 box-maker, \$12; 4 boys or girls, \$20; 3 pressmen, \$42; 3 macaroni-layers, \$18; 1 packer, \$10; 1 foreman, \$18; 1 book-keeper, \$14; 1 salesman, \$14; total, 17 employés, \$178.

Q. How much macaroni did you produce during the year 1882?—A. Five hundred and twenty-nine thousand two hundred pounds.

Q. What is the amount of capital you have invested at the present time?—A. Twenty thousand dollars.

Q. How many persons have you employed at the present time, and what is the amount of wages per week for each grade of labor?—A. One engineer, \$14; 1 driver, \$10; 1 box-maker, \$12; 4 boys or girls, \$16; 2 pressmen, \$24; 2 macaroni layers, \$12; 1 packer, \$10; 1 foreman, \$15; 1 book-keeper, \$12; 1 salesman, \$12; total, 15 employés, \$137.

Q. How much macaroni did you produce during the year 1885?—A. Three hundred and fifteen thousand pounds.

A. GHIGLIONE, NEW YORK CITY.

Question. What was the amount of capital you had invested at the time when there was a duty imposed on imported macaroni?—Answer. Ninety thousand dollars.

Q. How many persons had you employed at that time, and what was the amount of wages per week for each grade of labor?—A. Two engineers, at \$15, \$30; 3 drivers, at \$11, \$33; 3 box-makers, at \$14, \$42; 15 boys or girls, at \$6, \$90; 8 pressmen, at \$12, \$96; 4 macaroni-layers, at \$5, \$20; 6 packers, at \$9, \$54; 2 foremen, at \$18, \$36; 2 book-keepers, at \$16, \$32; 2 salesmen, at \$20, \$40; total, 47 employés, \$473.

Q. How much macaroni did you produce during the year 1882?—A. One million seven hundred and sixty-four thousand pounds.

Q. What is the amount of capital you have invested at the present time?—A. Sixty thousand dollars.

Q. How many persons have you employed at the present time, and what is the amount of wages per week for each grade of labor?—A. Two engineers, at \$15, \$30; 2 drivers, at \$11, \$22; 2 box-makers, at \$14, \$28; 10 boys or girls, at \$6, \$60; 6 pressmen, at \$12, \$72; 3 macaroni-layers, at \$5, \$15; 5 packers, at \$9, \$45; 1 foreman, at \$18; 1 book keeper, at \$16; 1 salesman, at \$20; total, 33 employés, \$326.

Q. How much macaroni did you produce during the year 1885?—A. Nine hundred and ninety-nine thousand six hundred pounds.

Sworn to before me this 2d day of March, 1886.

New York, March 2, 1886.

[SEAL.]

WM. LAMBERT,
Notary Public, New York City and County.

GUANO & RAGGIO, PHILADELPHIA, PA.

Question. What was the amount of capital you had invested at the time when there was a duty imposed on imported macaroni?—Answer. Forty thousand five hundred dollars.

Q. How many persons had you employed at that time, and what was the amount of wages per week for each grade of labor?—A. One engineer, \$15; 2 drivers at \$10, \$20; 2 box-makers at \$12, \$24; 3 boys at \$3.50, \$10.50; 4 pressmen at \$11, \$44; 6 macaroni

layers at \$9, \$54; 2 packers at \$9, \$18; 1 foreman, \$15; 1 book-keeper, \$12; 1 salesman, \$20; total, 23 employés, \$232.50.

Q. How much macaroni did you produce during the year 1882?—A. Nine hundred thousand pounds.

Q. What is the amount of capital you have invested at the present time?—Twenty-two thousand dollars.

Q. How many persons have you employed at the present time, and what is the amount of wages per week for each grade of labor?—A. One engineer, \$15; 1 driver, \$10; 1 box-maker, \$12; 1 boy, \$3.50; 2 pressmen at \$11, \$22; 3 macaroni layers at \$9, \$27; 1 packer, \$9; 1 foreman, \$15; 1 book-keeper, \$11; 1 salesman, \$20; total, 13 employés, \$144.50.

Q. How much macaroni did you produce during the year 1885?—A. Four hundred and twenty thousand pounds.

FRANK CUNCO, PHILADELPHIA, PA.

Question. What was the amount of capital you had invested at the time when there was a duty imposed on imported macaroni?—Answer. Seventy-five thousand dollars.

Q. How many persons had you employed at that time, and what was the amount of wages per week for each grade of labor?—A. One engineer, \$15; 2 drivers, at \$12, \$24; 1 box-maker, \$15; 4 boys, at \$4, \$16; 3 pressmen, at \$14, \$42; 6 macaroni layers, at \$10, \$60; 2 packers, \$10, \$20; 1 foreman, \$15; 1 book-keeper, \$18; 1 salesman, \$15; total, 32 employés, \$240.

Q. How much macaroni did you produce during the year 1882?—A. Six hundred and eighty-eight thousand six hundred pounds.

Q. What is the amount of capital you have invested at the present time?—A. Forty thousand dollars.

Q. How many persons have you employed at the present time, and what is the amount of wages per week for each grade of labor?—A. One engineer, \$15; 2 drivers, at \$12, \$24; 1 box-maker, \$15; 4 boys, at \$4, \$16; 2 pressmen, \$14, \$28; 5 macaroni layers, \$10, \$50; 2 packers, \$10, \$20; 1 foreman, \$15; 1 book-keeper, \$18; 1 salesman, \$15; total, 20 employés, \$215.

Q. How much macaroni did you produce during the year 1885?—A. Three hundred and forty-four thousand three hundred pounds.

A. CASTVUCCIO & SONS, BROOKLYN, N. Y.

Question. What was the amount of capital you had invested at the time when there was a duty imposed on imported macaroni?—Answer. Seventy-five thousand dollars.

Q. How many persons had you employed at that time, and what was the amount of wages per week for each grade of labor?—A. One engineer, \$15; 3 drivers at \$10, \$30; 2 box-makers at \$9, \$18; 4 boys or girls at \$4, \$16; 3 pressmen at \$11, \$33; 6 macaroni layers at \$9, \$54; 2 packers at \$9, \$18; 1 foreman at \$14; 1 book-keeper at \$15; 1 salesman at \$14; total, 24 persons, \$227.00.

Q. How much macaroni did you produce during the year 1882?—A. Six hundred and eighty-eight thousand six hundred pounds.

Q. What is the amount of capital you have invested at the present time?—A. Forty thousand dollars.

Q. How many persons have you employed at the present time, and what is the amount of wages per week for each grade of labor?—A. One engineer at \$15; 3 drivers at \$10, \$30; 1 box-maker at \$9; 4 boys or girls at \$4, \$16; 2 pressmen at \$11, \$22; 4 macaroni layers at \$9, \$36; 1 packer at \$9; 1 foreman at \$14; 1 book-keeper at \$15; total, 18 persons, \$165.00.

Q. How much macaroni did you produce during the year 1885?—A. Three hundred and forty-four thousand three hundred pounds.

CITY AND COUNTY OF PHILADELPHIA, ss:

Carmine Amicone, being duly sworn according to law, doth depose that his business is that of manufacturing macaroni, vermicelli, and like products. That he has been engaged in that business in Italy about one year and thereby became familiar with the wages paid the journeymen engaged in that business in the old country. The wages paid to a workman in Italy was 17 cents a day and his board, or 40 cents a day without board.

CARMINE AMICONE.

Sworn and subscribed to before me this 19th day of February, A. D. 1886.

[SEAL.]

P. O'DONNELL,
Notary Public.

CITY AND COUNTY OF PHILADELPHIA, ss :

Stefano Parmigiani, being duly sworn according to law, doth depose and say that he has been engaged in the manufacture of macaroni, vermicelli, and the like products in Buenos Ayres, in South America, for twelve years, and is familiar with the wages paid journeymen employed in that business.

The usual wages paid journeymen in South America is \$40 a month with board and some other extras, such as a bottle of wine, but no washing.

The home manufacturers are protected in South America by a duty of 8 cents per pound.

STEFANO PARMIGIANI.

Sworn and subscribed to before me this 19th day of February, A. D. 1886.

[SEAL.]

P. O'DONNELL,
Notary Public.

SUGAR.

[D. B. Hudson, general merchant.]

EOLA, LA., March 19, 1886.

DEAR SIR: A few days since I noticed in the New Orleans Picayune what purported to be an argument of sugar-planters of Louisiana before the Committee on Ways and Means, of which you are chairman. The object of this argument was to induce your committee to retain the present rate of duty on sugar in the tariff bill formulated, or being formulated, by said committee.

One of these sugar-planters, Mr. Dymond, I think, stated that one-half of the people of Louisiana were engaged in the production, manufacturing, &c., of sugar. This statement should have choked him, as it is *utterly* untrue, and I am astonished at our delegation letting the statement go uncontradicted, and the report says that they were all present except one; but probably they thought it more *profitable* to keep silent. I have not the statistics at home, but feel certain that there are more people in Louisiana engaged in the production of cotton and cotton goods than there are in the production of sugar, not to mention the many who are engaged in the other various trades, professions, and callings.

I could say much to you in regard to this sugar question, but, as I know you must be continually immersed with letters on this and kindred subjects, will close by thanking you for over half the people of this State for the efforts you are making to restore taxation to a revenue basis—a “tariff for revenue only.”

What is our delegation doing to protect the cotton planters?

A baker's dozen sugar Planters (I use a big P when connected to sugar) of Louisiana are essaying to control the revenue laws of the United States touching Louisiana. But enough—you doubtless know much more about this than I do.

Very respectfully, yours,

D. B. HUDSON,
Country Merchant for Cotton Planters.

Hon. W. R. MORRISON,
Washington, D. C.

BLOOMS.

[Chicago Tire and Spring Works. Locomotive and car wheel tires, cast-steel car-springs. Office 94 Washington street. Works, Melrose, Ill.]

CHICAGO, March 10, 1886.

DEAR SIR: In 1881 we commenced to manufacture at Chicago locomotive and car wheel tires, rolling them from foreign blooms. The duty on the blooms or blanks was then 1 cent a pound, and on the manufactured tire 3 cents per pound.

The tariff commission of 1883 recommended 2 cents per pound on the bloom and 2½ on the finished tire, but in the conference committee the rate was made 2 cents for the bloom and 2½ for the finished tire, which is the present duty. In the discussion reported in the Congressional Record of February 13, in which you kindly took part in our behalf, the injustice of raising the rate on blooms was clearly demonstrated.

We are the only tire rollers in the West and have no facilities for the manufacture

of the blooms, while the only three other tire mills in the United States, located two in Pennsylvania, and one in New Hampshire, make their own blooms. Naturally we cannot purchase our blooms from them. We have therefore been compelled to import ours, and the duty of one-half cent per pound as between the bloom and the finished tire leaves us no profit whatever.

The manufacture of tire blooms is a specialty and not understood by steel-makers in this country outside of our competitors above named; and while we are making every effort to obtain American blooms and have erected a steel plant of our own for that special purpose, we have not as yet met with full success.

We hope to accomplish it, however, in time, but the proposed bill preserves, in our opinion, the injustice and inconsistency of the present law, inasmuch as it does not leave sufficient margin between the duty on the bloom and on the tire, and thus works a hardship upon us.

Foreign makers paying a duty of only $2\frac{1}{2}$ cents per pound on the finished tire can deliver it to any railroad in Chicago actually cheaper than we can, paying as we do 2 cents per pound duty on the bloom. We beg to draw your attention to the matter in the hope that you will recognize the merit of our suggestion and request, which is, that the duty on the finished tire should remain as it now is, viz, $2\frac{1}{2}$ cents per pound, while the duty on the bloom should be reduced to three-fourths cent or 1 cent per pound. In other words, there should be a margin of 1 cent or $1\frac{1}{2}$ cents per pound in the rate of duty between the bloom and the tire.

We appreciate that we are relatively a small industry and that the manufacture of blooms and tires is but a small factor in tariff legislation, but we trust and expect that any bill which you may report will give justice to the small as well as to the large interests, and that with the American manufacturers in our line allied to crush us you will not consciously aid them.

We have experienced great difficulty in adjusting our business to meet the violent change made by the law of 1883, which made a large increase of duty upon raw material and a reduction in duty upon our finished tires, and we now greatly deprecate the further violent changes threatened.

Yours, very respectfully,

CHICAGO TYRE AND SPRING WORKS.
C. H. FERRY, *Treasurer*.

Hon. W. R. MORRISON,
Washington, D. C.

FISH.

DETROIT, MICH., *February 16, 1886.*

DEAR SIR: I notice that Hon. W. R. Morrison intends to bring his tariff measure to a vote in Congress. As the law now stands \$10 per ton is now charged on fresh herrings and sturgeon, and on all fresh fish that are smoked, frozen, or salted, and as fish is an article of general consumption and should be free of duties, I trust that if there is any objections of placing salt-water fish on the free list that you will see Mr. Morrison and have fresh-water fish frozen, smoked, salted, or fresh placed on the free list. It would be a benefit to all, and more especially to the poorer classes.

I hope you will use your influence to have this matter righted.

I remain, yours, truly.

C. W. GAUTHIER.

Hon. W. C. MAYBURY,
Washington, D. C.

WOOD, AND MANUFACTURES OF WOOD.

Quantities, values, and rates of duty upon the importations of wood and manufactures of wood into the United States for years ended June 30, 1884, 1885.

Articles.	Rates of duty.	1884.			1885.		
		Quantities.	Values.	Duties.	Quantities.	Values.	Duties.
Bass-wood and other fiber, n. e. s	10 per cent .....	.....	\$2,946 00	\$294 60	.....	.....	.....
Unmanufactured not specially enumerated	20 per cent .....	.....	80,960 59	16,192 12	.....	\$38,960 00	\$7,792 00
Timber:							
Used for spars, and building wharves	20 per cent	3,504	146 00	29 20	5,350	1,265 00	253 00
Hewn or sawed	20 per cent	9,736	1,799 60	359 92	808	20 00	4 00
Squared or sided, not specially enumerated	1 cent per cubic foot ..	58,572	6,566 00	585 72	67,132	10,427 00	671 32
Lumber:							
Boards, planks, deals, &c.	\$1 per M feet	34,008	296,858 06	34,008 00	33,596	297,683 81	33,596 00
Planed or finished on one side	\$1.50 per M feet	1,040	6,554 00	1,560 09	1,323	9,410 00	1,985 66
Planed or finished on two sides	\$2 per M feet	51,127	734,619 00	102,235 44	1,196	19,656 00	2,393 72
All other sawed lumber, n. e. s	\$2 per M feet	449,641	5,937,988 56	899,289 27	465,086	5,850,385 64	930,172 46
Planed or finished on one side	\$2.50 per M feet	63	898 20	159 01	162	1,693 36	405 87
Planed or finished on two sides	\$3 per M feet	459	6,482 06	1,378 17	364	5,039 88	1,093 98
Planed on one side, tongued and grooved	\$3 per M feet	288	3,055 00	866 55	277	3,148 00	832 54
Planed on two sides, tongued and grooved	\$3.50 per M feet	78	1,239 00	274 67	241	2,764 00	846 91
Clapboards:							
Pine	\$2 per M feet	725	7,317 00	1,450 35	120	1,261 00	241 29
Spruce	\$1.50 per M feet	1,787	21,468 50	2,681 13	2,875	40,566 00	4,313 68
For planing and finishing	50 cents per foot	12	.....	6 18	.....	.....	.....
Hubs for wheels, posts, lasts, wagon, oar, gun, and all like blocks, sawed or hewn	20 per cent .....	.....	60,690 20	12,138 04	.....	59,038 61	11,807 72
Laths	15 cents per M	186,424	257,529 03	27,963 65	15,481,250	199,818 52	23,221 87
Pickets and palings	20 per cent	4,698	57,596 37	11,519 27	469,852	51,027 26	10,205 45
Shingles	35 cents per M	86,162	215,454 05	30,156 90	6,975,375	158,042 78	24,413 83
Shooks	30 per cent .....	.....	84,066 23	25,219 89	.....	70,015 20	21,004 57
Staves of all kinds	10 per cent .....	.....	280,150 00	28,015 00	.....	253,703 00	25,370 30
Manufactures:							
Casks and barrels, empty	30 per cent .....	.....	1,896 40	568 92	.....	1,494 16	448 26
Cabinet-ware and house furniture, in piece or rough	30 per cent .....	.....	3,135 00	940 50	.....	2,781 25	834 37
Cabinet-ware and house furniture, finished	35 per cent .....	.....	291,929 30	102,175 26	.....	265,923 49	93,074 96
Cedar-wood, ebony, mahogany, rosewood, satin-wood, and manufactures of	35 per cent .....	.....	.....	.....	.....	153 00	53 55
Osier or willow:							
Prepared for basket-makers' use	25 per cent .....	.....	51,690 94	12,922 74	.....	28,665 00	7,166 25
Baskets, and all other articles composed of	30 per cent .....	.....	237,833 60	71,350 08	.....	202,662 63	60,798 79
Rattans and reeds, not made up into completed articles	10 per cent .....	.....	129,941 15	12,994 12	.....	117,894 41	11,789 44
All other manufactures of wood, or of which, wood is the chief component part	35 per cent .....	.....	607,007 46	212,452 62	.....	557,304 75	195,056 69
Sawdust	10 per cent .....	.....	15 50	1 55	.....	.....	.....
Totals .....	.....	.....	9,387,832 80	1,609,809 82	.....	8,250,808 75	1,469,848 73

There was an additional and discriminating duty of \$1,043.93 in 1884, and \$1,184.32 in 1885.

MOLASSES.

Hon. WM. R. MORRISON,

Chairman of Committee of Ways and Means.

House of Representatives, Washington, D. C. :

We, the undersigned, the principal molasses boilers of the city of Philadelphia, would respectfully urge upon your honorable body the justice and propriety of making such a change in the H. R. bill 5576, entitled "A bill to reduce tariff taxes," as shall place the commercial article known as "molasses" upon the same equitable footing in its relation to sugar as it now enjoys, and has always heretofore enjoyed, under all previous tariffs.

We would respectfully present the following facts for your consideration :

(1) Of 114,468 hogsheads of molasses, containing about 14,848,210 gallons, imported at Philadelphia last year, all but 1,128 hhds., containing about 146,640 gallons, were used by the molasses boilers in the extraction of sugar.

(2) That the product of molasses boiled into sugar must be sold in the open market in competition with foreign raw sugar, and therefore any reduction on sugar should apply equally on molasses.

(3) That such a sugar schedule as proposed by H. R. bill 5576 would absolutely destroy the molasses-boiling industry in this city as well as in the cities of New York, Boston, Portland, and Baltimore—in fact, in the whole country.

(4) That the destruction of the business would serve no useful purpose, but simply render useless large and valuable refineries, throwing out of employment many men, and cause the business to be done in the West Indies.

Your petitioners earnestly hope their request will receive prompt and favorable consideration.

Signed by—

George E. Bartol, for Grocers' Sugar House; Heyl Bros.; the Delaware Sugar House, by Geo. R. Bunker, sec'y; W. J. McCahan & Co.; Samuel Harkness & Co., pp. S. H. jr.; E. C. Knight & Co.; Pennsylvania Sugar Ref'g Co., by C. R. Stotesbury, sec'y.

PHILADELPHIA, *Feb'y 27th*, 1886.

THE PHILADELPHIA MARITIME EXCHANGE,

March 1, 1886.

At a meeting of the board of directors of The Philadelphia Maritime Exchange, held the first day of March, 1886, the following preamble and resolutions were adopted:

Whereas it has come to the knowledge of this exchange that in H. R. bill 5576, introduced by Mr. Morrison, entitled "A bill to reduce tariff taxes," certain reductions are proposed on sugars, whilst no equivalent reduction is proposed or intended on molasses, which is to be left on the present basis; and

Whereas this industry is of great value to the shipping interests of this port, it having furnished inward cargoes last year alone to one hundred and seventy-eight vessels, of a tonnage of four hundred tons each, and a total tonnage of about 71,000 tons. The freight earnings of these vessels having been about \$2,000 each, making a total of about \$356,000; and

Whereas these vessels are almost exclusively American bottoms, and depend largely upon this business at certain seasons of the year; therefore be it

Resolved, That this exchange enter its earnest protest against any such unjust change in the sugar schedule as the one proposed in H. R. bill 5576, as injurious alike to our Philadelphia industries and maritime interests, as also to the general welfare of our American coastwise marine.

Resolved, That a copy of this resolution be sent to each member of the Hons of Representatives from Philadelphia and to the two Senators from Pennsylvania. Also that copies be furnished to the press.

WM. BROCKIE,

President.

Attest :
[SEAL.]

EDW. R. SHARWOOD,
Secretary.

[George S. Hunt & Co., P. O. Box 1383. Cable address "Hunt, Portland."]

PORTLAND, ME., *February 20, 1886.*

DEAR SIR: In the proposed new tariff bill, we understand that, as printed, melado, molasses, &c., are not included for a reduction. This must have been through oversight, as the duty on molasses, relative to that on sugar, is a very important matter, particularly to the boilers.

Will you kindly investigate this, and use your influence to have molasses put into the reduced schedule.

Respectfully, yours,

GEORGE S. HUNT & CO.

HON. THOS. B. REED,
Washington, D. C.

WHISKY.

BOSTON, *January 28, 1886.*

SIR: It is reported that the Ways and Means Committee have under consideration a bill which provides that in the tax on whisky, fractional parts of a gallon shall be taxed pro rata, and this appears to present a favorable opportunity to ask that at the same time the injustice now existing in the levying of the duty on sugar, so far as fractional parts of a degree are concerned, may be removed.

The law now reads, "and for every degree or fraction of a degree as shown by the polariscopic test, they shall pay four hundredths of a cent per pound additional;" thus making one-tenth of a degree pay ten times its just proportion of duty.

These fractions, small as they appear when applied to a single pound, amount to large sums when considered in connection with cargoes; and while it is not our purpose at this time to raise the question as to whether the existing duty on sugar of more than 70 per cent. ad valorem is a hardship or not, this matter of full rate on fractions is so manifestly unfair that any argument appears useless and uncalled for.

And when, in addition, we find on examination that this port suffers unduly by reason of the fact that fractions appear in the tests here to a very much greater extent than in New York or Philadelphia, we feel that we may look to you and your committee for early relief by making the rate pro rata on fractions of a degree, as there appears to be no good reason why whisky should stand on a more equitable basis than sugar.

Signed by—

Nash, Spanlding & Co.; Revere Sugar Refinery, by Henry R. Reed, treas.; Charles O. Foster & Co; Alfred Winsor & Son; E. Atkins & Co.; Willett, Hourlen & Co.; E. Williams & Co.; Aaron D. Weld's Sons; J. A. Emman & Co.; Standard Sugar Refinery, by J. B. Thomas, pres't; Boston Sugar Refining Company, by Charles O. Foster, pres't; Bay State Sugar Refining Company, by F. G. Turner, treas.; Continental Sugar Refinery, by J. H. Cunningham, treas.; p. p. Gosler & Com., Fabant Cheveder; Walter L. Swan; Whitney, Ponsland & Co.

HON. W. R. MORRISON,
Chairman Ways and Means Committee, Washington, D. C.

BURLAPS.

To the honorable Committee of Ways and Means, House of Representatives, Washington, D. C.:

SIRS: We respectfully petition for a modification in the duty proposed on burlaps. As at present drawn in the bill, the duty is left unchanged, while there is every reason for a reduction, because—

(1) Burlaps have an important and essential part in the development of many industries peculiar to this country, and are necessary both for our national products, sacking our flour, grain, and seed crops, bagging our ores, salt, leather, and fertilizers; and also for covering our manufactures of domestic goods, cotton, and woolen, and the coverings for furniture, and manifold other ways, as are known to you, and can be seen daily in any part of the country.

(2) The demand for burlaps grew along intimately with these developments of our national industries, and the duty was lowered from 25 per cent. ad valorem, under tariff of 1842, to 20 per cent. under tariff of 1846, and reduced further to 15 per cent. under tariff of 1857.

As a war tax, under tariff acts of 1861 and 1862, the duty was just doubled, bringing it to 30 per cent. There it has been left and stands to-day, and so stands in the proposed bill.

While the use of burlaps has grown steadily—five-fold in the last twelve years—and in spite of the necessities of the country requiring annual importation of nearly 150,000,000 yards, and the protection of a war tax, not a single yard of burlap is made in this country. It has been tried again and again, only to be abandoned, and the only jute industry at all akin is a factory in New York, that, while running mainly on carpets and yarns, makes a few seamless bags, expressly provided for elsewhere in the tariff, on the sound principle that the more advanced the manufacture the higher the duty.

It was singularly unfortunate that in the last revision of the tariff, doubtless through some misunderstanding, the duty on burlaps was left unchanged, because it is such an unnecessary drain on our national industries, and has no reason for its continuance as protecting an industry here.

A fair revision at this time is earnestly hoped for, and any lowering of the duty would be a direct benefit to the agricultural, manufacturing, and mining interests of the country, working good to all and injury to none.

Your petitioners would most respectfully suggest further, that, to remove the temptation to undervaluation, and thus protect the honest importer, the change be to a specific instead of an ad valorem duty, and we would offer as a clause in the tariff bearing on the goods as follows:

“(1) On burlaps, composed wholly or in part of jute, or other material of which the component part of chief value is jute, specific duty of 1 cent per pound.

“(2) On bags, bagging, floor cloth foundations, canvases, paddings, and other jute goods, composed wholly or in part of jute, specific duty of $1\frac{1}{2}$ cents per pound.”

This reduction on burlaps, at present valuation, would leave the duty equivalent to 20 per cent. ad valorem. While this, under existing conditions, is too much, such reduction, we trust, is not too much to hope for at this time.

The higher rate per pound for the bags amply protects the one jute mill that can make such, and the much larger industry of the bag-makers who manufacture burlaps into bags.

We also beg leave to suggest that it will work great injustice to a large manufacturing interest, and the help thereby employed, to reduce the duty on jute and bags and leave burlaps unchanged.

The help referred to above is employed in making the burlap cloth into bags, which are used in sacking the agricultural and mill products of the West and Northwest for transportation to consumers, chiefly in the Southern States.

Again, inasmuch as the last tariff removed the duty from the burlap wrappings of imported goods, it seems a hardship to make the burlap wrappings of our home productions pay so large a duty as 30 per cent.

Large quantities of burlaps are used in Nebraska for sacking oats and corn.

WELLS & NUMAIR,

Schuyler, Nebr.

Hon. GEORGE W. E. DORSEY, M. C.,
Washington, D. C.

[Bradley, Kurtz & Co., (Hart, Bradley & Co., Chicago, Ill.), bag manufacturers, Nos. 27 and 29 Pearl street.]

NEW YORK, *March 11, 1886.*

SIR: With reference to tariff reduction we beg to call your attention to burlaps, used for grain, flour bags, &c., and baggings used for grain, sugar, and oil cake. We think the duty on burlaps under 60 inches in width and bagging (other than such bagging as is used for baling cotton) ought to be abolished or greatly reduced.

Burlaps of this description are used principally for grain and flour bags, and the abolition or reduction of duty would benefit immediately the agricultural and grain and milling interests by cheapening the cost of bags. Owing to the low prices and keen competition now on agricultural products we believe the farmers and all those interested in such products would be very glad of anything that would help them. Cheaper bags would be in that direction. We cannot get burlap cloth of American manufacture to make bags of. All the burlaps we use are imported goods, no burlaps being manufactured in the United States.

We understand the imports of burlaps amount to fully 100,000,000 yards per annum, and on such goods a duty of 30 per cent. is charged. It is just so much revenue. We estimate the duty collected on burlaps is about \$1,000,000 per annum, collected unnecessarily; therefore it is an unnecessary tax on the consumer and ought to be removed. It has not developed production of burlaps, for as already stated no American manufactured cloth has been offered us. We have either to import the goods or buy from importers. There is not a single jute mill in America making burlaps for our trade. There is one mill in New York which makes a small quantity of seamless bags, but it would be protected, like ourselves, by maintaining a duty on bags manufactured abroad. The duty on manufactured bags should not be lowered or changed, in our opinion, as there are ample facilities in this country to produce them, there being large manufactories in nearly all the principal cities of the United States employing a large number of men and women.

In conclusion, what we advocate would be of benefit to and appreciated by the farmers, grain dealers, and millers, and would not interfere with any established industry of the country.

Respectfully,

BRADLEY, KURTZ & CO.

Hon. WILLIAM R. MORRISON,

Chairman of the Ways and Means Committee, Washington, D. C.

BRONZE POWDER.

STATEMENT OF MR. HENRY AHLBORN.

MR. HENRY AHLBORN, of Jersey City, manufacturer of bronze powder, next addressed the committee. He said:

Mr. Chairman and Gentlemen: I represent a company engaged in the manufacture of bronze powder. In 1880 I started the company and made bronze powder out of our own metal, copper and zinc. There is a duty on bronze powder of only 15 per cent.; but on all the materials entering into it there is a duty of 35 per cent. The duty on bronze powder is lower than on the copper. In 1884, we were compelled to close up one-half of the factory; and, if the thing goes on as it is, we will have to close it up entirely. I would like to have bronze powder put upon the same basis as the goods out of which it is made, copper and zinc. I have some samples here which I would like to show to the committee. Here [showing a small ingot of metal] is the form in which it is first cast. This is made out of copper and zinc, about 75 parts copper and 25 parts spelter. Then it is rolled into this form [showing sample]; then it is beaten into this shape [showing sample], and then it is hammered into a sheet like this [showing sample]. Out of this sheet the powder is made. Now, if I want to import materials to make the powder, they cost 35 per cent., but the powder itself only pays a duty of 15 per cent. It takes about four weeks before we get through from this [indicating the ingot] to the condition of powder. I laid the matter before this committee in the last Congress, and the committee recommended a duty of 25 per cent. on bronze powder. I wish the committee would take this matter into consideration.

Mr. McKINLEY. I think that the committee in the last Congress put the duty on bronze powder at 25 per cent.

The CHAIRMAN. It is the old story of having a higher duty on the finished article than on the materials entering into it.

Mr. AHBORN. It costs us in wages to produce a pound of bronze powder 29 cents, while it costs in Germany only 14 cents. Here is our answer to Secretary Manning's circular.

The letter is as follows:

The Hon. DANIEL MANNING,

Secretary of the Treasury.

MOST HONORABLE SIR: In compliance with your request, as per circular of August 1, we take great pleasure in laying before you such facts as we are able to serve you with, and with your kind permission will submit to you our explanations in as detailed a form as possible, hoping that your earnest endeavors to correct many of the evils of our present tariff will be productive of much good to every honest importer, manufacturer, and dealer, and be a crowning glory to the present administration. Our business, that of manufacturing bronze powders, is a young enterprise in this country, and our corporation is so far the only one now in operation; but were it not for some special

machinery invented by ourselves, and now in use by our company, we cannot but admit that competing with foreign cheap labor and possible practised undervaluation, we would be compelled to succumb like some other domestic manufacturers now out of existence, and for the subjoined reasons: Our productions, bronze powders, are most difficult to judge, except by an expert, and we deem it safe to assert that not more than five to six actual expert judges could be found in New York, Philadelphia, Chicago, and Boston, from which cities more than nine-tenths of these goods are distributed. How easy then for some unscrupulous importer to evade the import duty, now only 15 per cent. ad valorem. It is a known fact that a very great proportion of bronze powders is now sold at from 42 cents to 75 cents per pound, which cannot be produced here where the best copper is mined and marketed, unless sold at an actual loss.

The principal factories for these articles are located in Fürth and Nuremberg, in Bavaria, where labor is so very much cheaper than here that it may be called pauper labor indeed, as per following schedule of wages both here and in Germany:

Table of wages.

Germany.	72 hours.	United States.	60 hours.
	Marks.		
Foreman	60	Foreman	\$25 00
1 beater.....	40	1 beater.....	16 00
1 beater.....	40	1 beater.....	15 00
1 beater.....	35	1 beater.....	12 00
1 beater.....	35	1 beater.....	12 00
1 beater.....	20	1 beater.....	9 00
4 rollers at 20 marks.....	80	4 rollers at \$9.....	36 00
1 heater.....	30	1 heater	9 00
1 smelter	30	1 heater.....	9 00
2 stretchers at 12 marks.....	24	2 stretchers at \$5	10 00
2 hangers at 12 marks.....	24	2 hangers at \$6	12 00
6 washer scourers at 12 marks.....	72	6 scourers at \$6	36 00
2 layers at 12 marks.....	24	2 layers at \$5	10 00
	514		211 00

Germany, 72 hours, 1,200 pounds at 10½ cents.
United States, 60 hours, 1,000 pounds at 21 cents.
To finish bronze for market in Germany 10 men receive 200 marks for working 72 hours, and produce 1,200 pounds. In the United States 10 men receive \$35 for 60 hours work, and produce 1,000 pounds; or 24 men are required to work 60 hours to produce 1,000 pounds of prime metal.

You will perceive how great the difference in wages and when the material employed in the manufacture of bronze powder is chiefly copper, about 66 to 96 per cent. and smelter about 34 to 40 per cent. as to quality and color it becomes evident at once that more than 75 per cent. of the cost of producing bronze powder consists of labor, the labor of our wage-workers which ought to be protected from the cheap foreign labor, and this can only be done in our humble opinion by a specific duty to, say, 25 to 30 cents per pound on all manufactured bronze powder of every description.

This is one of the many cases where discrepancies as to just duties were allowed to exist, and permit us to say here, most honorable Mr. Secretary, were allowed to exist knowingly, for we were represented before the late Tariff Commission by written statement, and our president, Mr. H. Ahlborn, who laid before the Committee of Ways and Means all the facts in the most minute detail calling the attention of the Hon. Messrs. McKinley, of Ohio, McPherson, of New Jersey, and S. Randall, of Pennsylvania, showing them when under the then existing tariff the raw material had a duty imposed at from 30 to 45 per cent., and the manufactured article therefore (bronze powder) a small import duty of 20 per cent. ad valorem, since changed to 15 per cent. ad valorem, although recommended by the Committee of Ways and Means to 25 per cent. (see report on tariff bill by the Committee of Ways and Means page 40, Forty-seventh Congress, second session, recommended to be changed to 25 per cent.), when these able and honorable gentlemen left unheeded our claim and protests, yet acknowledging the injustice of such discrimination against native labor they signally demonstrated that in some instances protection fails to protect when it is aimed against actual home labor instead of raw material, and finally the result of the now existing evil of discriminating against labor.

We erected during 1880 at considerable outlay a factory with requisite machinery to produce all our material required at home and from the product of our mines, employing many skilled and unskilled men, youths, and women. We are at present not enabled to employ many of them, as the tariff prohibits it, we may be allowed to say,

and are again compelled to rely for part of our wants upon the inferior material of Germany for these manufacturers have the chance now of entering metal leaf at 10 per cent. duty, the material of which must of necessity be of the very finest beaten metal, the very heart or best substance of same, and we can only buy their refuse or cuttings therefrom, and were it not for the only advantage we possess over them—superior machinery—we would be compelled to abandon the business altogether. That European manufacturers have been sharp enough in this line to have their representatives here of their own direct household, such as sons, brothers, or relations, is in itself an important factor to enable them to elude the watchfulness of the custom authorities, taking in consideration the difficulty of appraising the article we herein mentioned.

As an earnest of our intentions and the reliability of our statement we would most respectfully refer you as to our character and business standing to Mr. G. G. Williams, president chemical N. B., Mass., F. W. Devoe & Co., New York, Wadsworth, Howland & Co., Boston, and will be every ready and most willing to respond to any further call for further information either in person or by letter as you may be pleased to designate.

Let us then hope, most honorable sir, that although our business is but an insignificant part of the vast proportion of the custom aggregate, that you will deal with the same as justly and energetically as is your custom to do and believe us to be—

Yours, &c.,

AM. B. P. MFG. CO.

HARD BUTTONS.

STATEMENT OF MR. HORATIO G. KNIGHT.

MR. HORATIO G. KNIGHT, of Springfield, Mass., next addressed the committee on the subject of the duty on hard buttons. He said:

MR. Chairman and Gentlemen: The interest which we represent here to-day, Mr. Newell and myself, is a comparatively small one, but it is one of great importance to those who have invested capital in it. It is of importance to those to whom it furnishes employment, and to a larger number still who are dependent upon it for support. At a meeting of manufacturers of buttons held in New York a few weeks since, we were designated as a committee to present this subject to this committee. We are not here to discuss the tariff question, though we have our views on that subject, but we propose to confine our remarks to one branch of industry. We are interested in other industries, and feel, in consequence, a lively interest in the tariff question; but we are here for this one thing.

Buttons are manufactured on a large scale in this country in twelve or thirteen States—Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Maryland, Ohio, Illinois, Michigan, Missouri, and Kentucky to some extent. The large manufactories are in Massachusetts, Connecticut, New York, New Jersey, and Pennsylvania. The latest reliable statistics that we have in relation to the industry are to be found in the census of 1880. It will be seen by those statistics that this industry employed several millions of capital and seven or eight thousand persons, and gave support to a much larger number.

In the two or three years which followed 1880, the number increased considerably. The button industry may be divided into three classes—first, the textile fabric used in the covering of buttons, which most of you gentlemen wear. That is an important class. The next is the button composed of various kinds of metals—brass, copper, zinc, lead, and some other metals. That is also a large industry. The next in order is what comes under the commercial designation of “hard buttons.” They are composed of pearl, vegetable-ivory, India rubber, and several compositions. In the hard-button list are pearl and vegetable-ivory buttons. There are facilities in this country for the manufacture of vegetable-ivory buttons to the number of between eight and nine thousand gross a day, and of pearl buttons perhaps about one-third as much. These facilities have been created, special tools and special machinery which would have very little value, and some none at all, except for this special purpose. I am now speaking of the hard buttons—of vegetable-ivory and pearl buttons in particular. The pearl buttons are largely manufactured in New Jersey—more there than elsewhere. The others are manufactured in various other States, as well as the vegetable-ivory buttons.

In 1883 the duty was reduced on vegetable-ivory buttons and pearl buttons. The reduction was not very great, but foreign manufacturers took advantage of the small reduction and enlarged their production of those goods and unloaded them in our markets, and the result is great depression in this industry to-day. There were from thirty-

five to forty establishments engaged in the manufacture of pearl buttons and vegetable-ivory buttons running two or three years ago. Now probably two-thirds of those establishments are idle, or are running on short time. The causes for the depression in business are several. The reduction of the tariff in 1883 was perhaps one cause, but that alone would not have been sufficient. That reduction, however, stimulated production abroad, and the result has been increased importations and this great depression. Another cause of the depression is the fact that the character of the goods has changed so greatly that labor goes into the cost of the article to a greater extent now than formerly. Perhaps I may say that three or four or five years ago labor constituted about one-third of the cost; now labor constitutes two-thirds of the cost. That is because of the difference in the quality of the goods. The goods now require skilled artisans. The making of them has become an art rather than anything in the line of mechanics. It is the art of button-making. Now we have to compete in this industry with the cheap labor of Europe. I have in the last two or three years visited principal factories in Europe where these goods are made, and I have found by personal inquiry that the rate of wages there is about one-half of the rates we are paying in this country, and which we are obliged to pay. These goods are made in Italy, France, Austria, Germany, and England. I have myself been invited to go to an institution where convicts were employed in the manufacture of vegetable-ivory and pearl buttons; and I have reliable information that convict labor is employed upon these goods in France and Austria, and that the contractors are required to export the goods. They are not allowed to sell them at home. Not only have we to compete with cheap labor in Europe, but we have also to compete with convict labor employed in France and Austria in the manufacture of these goods.

Mr. McKINLEY. Do you know what they pay for convict labor over there?

Mr. KNIGHT. I have heard that it is equivalent to 5 cents a day and their food, and I believe that that is so. What they are paid would not pay the car-fare of a boy or girl who has to ride to their work in this country.

The CHAIRMAN. What is the duty on these goods that are sold in competition with yours?

Mr. KNIGHT. Twenty-five per cent.

The CHAIRMAN. And what do you want?

Mr. KNIGHT. We ask in a paper, which I shall take the liberty to submit, that the duty shall be made the same as was imposed by the tariff of 1883 on metal buttons of all sorts, namely, 45 per cent.; but since we came here we have ascertained that a bill has been introduced by a Representative from New Jersey to amend the customs-revenue laws relative to pearl buttons. We were going to propose that hard buttons of all sorts, on which the duty is now 25 per cent., shall be placed in the same schedule as metal buttons; and I believe that they would have been put there in 1883 if the attention of the committee had been called to the matter. I believe it was through inadvertence that they got into this schedule at that time.

Mr. McKINLEY. The button business had no friend at court?

Mr. KNIGHT. It had no friend at court.

Mr. BRECKINRIDGE, of Kentucky. Your idea is that if the attention of the committee had been called to it at that time you would have got what you now ask?

Mr. KNIGHT. We know of no reasons why buttons of this kind should not have been put in the same schedule as metal buttons. The bill to which I refer as having been presented by Mr. Lehlbach, of New Jersey, is as follows.

A BILL to amend the customs-revenue laws relative to pearl buttons.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be levied, collected, and paid upon buttons called by and known among manufacturers as pearl buttons and imported from foreign countries a duty of 50 per centum ad valorem.

SEC. 2. That the duty imposed by the preceding section shall be in lieu of the existing duty; and all acts and parts of acts inconsistent with the provisions of this act be, and the same are hereby, repealed.

Mr. LEHLBACH. The reason why I introduced this bill is that the parties in Newark who asked me to do so are only interested in pearl buttons. Of course I did not know what the duty on vegetable-ivory buttons was.

Mr. KNIGHT. There is a great variety of buttons designated as hard buttons.

Mr. McKINLEY. And you want all to be put on the same footing as metal buttons?

Mr. KNIGHT. While we would be satisfied with that, the most important items are hard buttons or pearl and vegetable-ivory buttons. We shall be content to accept this

bill and to include in it vegetable-ivory buttons and leave the other things to take care of themselves, because they are of minor importance. Pearl buttons and vegetable-ivory buttons are of about equal importance.

Mr. BRECKINRIDGE, of Kentucky. What is the present duty on them?

Mr. LEHLBACH. Twenty-five per cent.

Mr. BRECKINRIDGE, of Kentucky. And the bill introduced by you proposes a duty of 50 per cent.

Mr. LEHLBACH. Yes, sir. The result of the reduction of the tariff on buttons was that one-half of the pearl-button factories in Newark became bankrupt, and the workmen are walking the streets idle. They are asking that the duty be placed back in order that the factories may be set running again.

Mr. KNIGHT. We are aware that there may be an indisposition to advance the duty on anything, but we do feel that this thing was accidentally omitted in the tariff bill of 1883 from the lack of attention and lack of care when the duty on other buttons was provided for. And while it may be desirable in a revision and equalization of the tariff to reduce the duty on some things (maybe on many things), we hope it will be deemed expedient to advance the duty on a few things, and upon this one thing to which I have now called attention.

Mr. Knight presented the following paper:

WASHINGTON, D. C., February 15, 1886.

To the honorable Committee on Ways and Means of the Forty-ninth Congress:

The undersigned, manufacturers of buttons, and as a committee representing all the principal button manufacturers in the United States, beg leave to call your attention to the following statement:

According to the census of 1880 there were one hundred and twenty-four establishments in this country engaged in the manufacture of buttons, with a capital of \$2,013,350, employing six thousand eight hundred and twenty-five persons, upon whom a much larger number were wholly or partly dependent for support. In the two or three years following there was a considerable increase in this industry; but in the last two or three years some branches of the business have decreased, are at the present time languishing, and apparently dying out. We refer particularly to goods coming under the commercial or technical designation of "hard button," made from vegetable-ivory, pearl, horn, and various compositions, in all of which labor constitutes a large part of the cost of manufacture.

The present duty on imported buttons of this class is 25 per cent. ad valorem. (Schedule N, par. 407.)

The cheapness of labor in Europe is an element of so great disadvantage to the American manufacturers that twenty-five or more establishments engaged in the manufacture of vegetable-ivory and pearl buttons have been obliged to abandon the business, and those who continue the manufacture find it unremunerative. Not only are they suffering by the disadvantage referred to, but we are credibly informed and believe that, to some extent, convict labor is employed in the manufacture of buttons which are exported to this country.

By reasonable protection to this industry it may be revived and vastly increased, and will furnish employment and support to several thousand people in addition to those already employed.

We think there is no valid reason why imported buttons of the class above referred to should not be subject to the same duty as is imposed upon metal buttons and those composed partly of metal.

We therefore respectfully and earnestly pray that in a revision and equalization of the tariff your honorable committee will amend Schedule N, par. 407, by substituting 40 per cent. ad valorem for 25 per cent. ad valorem, so that the duty on "buttons and button-moulds not specially enumerated or provided for" shall be the same as upon buttons composed wholly or partly of brass, and upon various other articles enumerated in Schedule C, par. 216. In this schedule and paragraph but few articles are enumerated in which labor constitutes so large a part of the cost of manufacture.

Very respectfully, your obedient servants,

HORATIO G. KNIGHT,	} Committee.
10 and 12 Greene street, New York,	
NELSON C. NEWELL,	
Springfield, Mass.,	
J. R. SMITH,	}
Waterbury, Conn.,	

STATEMENT OF MR. NELSON C. NEWELL.

Mr. NELSON C. NEWELL, of Springfield, Mass., also addressed the committee. He said:

Mr. Chairman and Gentlemen: Mr. Knight has stated the case so fully that I can only indorse what he has said. I know the case of a pearl-button factory started in our city a few years ago, the proprietor of which told me the other day that he could have taken an order, if he would accept 1 cent a gross less than he wanted; but he had to refuse that order on account of that 1 cent a gross difference. He is now buying his goods in New York of importers, so as to keep up his trade. All that we ask is that we shall have that rate of duty put on pearl buttons and vegetable ivory buttons. There could be, undoubtedly, 4,000 people set to work in the United States on pearl buttons, and some 15,000 or 20,000 more on vegetable-ivory buttons, if we could have protection sufficient to encourage us.

STATEMENT OF MR. LEHLBACH.

Mr. LEHLBACH, a Representative from the State of New Jersey, said:

Mr. Chairman and Gentlemen: I represent the city of Newark and the county of Essex, in the State of New Jersey, a city and county which have, perhaps, between thirty and forty thousand mechanics supported by the industries of Newark. The mechanics in our city are, a large majority of them, property-holders—people who came there without a dollar in their pockets. As the industries grew up in Newark, these people accumulated money enough to live in their own houses and to educate their children properly. So I think that it is the policy of this Government to encourage manufactures and industries of all kinds. But I think that such a thing as putting a tariff on these pearl buttons would encourage the manufacture of them in this country so that more people will be employed. We have to impose tariff duties at such rates as will exclude the cheap labor on the other side. These pearl buttons are being manufactured now in Vienna and Paris by convict labor paid for at the rate of from 5 cents to 10 cents a day, and our manufacturers are really competing with that labor which we would not permit in our own country.

GRINDSTONES.

Mr. Foran presented the following:

CLEVELAND, OHIO, *March 9, 1886.*

Hon. MARTIN A. FORAN,

House of Representatives, Washington, D. C. :

DEAR SIR: Upon examining the Morrison tariff bill, recently introduced into the House of Representatives, we find that it proposes to put upon the free list "grindstones, unfinished" (see line 56), and in the New York Tribune of the 26th ultimo we notice that J. B. Mitchell, a grindstone dealer of Philadelphia, has been before the Ways and Means Committee endeavoring to show that no distinction should be made between the unfinished and finished stone.

He said "that the cost of importing the foreign grindstones forbade the idea of competition with the American product, even without duty." He further said "that the English stone was without a counterpart in this country, and was absolutely required for some kinds of grinding."

In the interest of the quarry owners of Ohio and the hundreds of workingmen employed in the quarries, we desire to draw your attention to the following facts:

(1) That there is essentially but little difference between a finished and unfinished grindstone; the latter are generally to all intents and purposes grindstones ready for use. All they lack is the eye through the center, or a little smoothing off to finish them, which costs but a trifle. They were formerly shipped to this country in that shape simply for the purpose of evading the duty. There is no doubt that if unfinished grindstones are put upon the free list no finished stones will ever be imported.

(2) The bulk of the grindstones imported into this country are made in Nova Scotia and New Brunswick, and are used principally in the New England States. Even with the present duty upon them, our rail rates are so high and the distance so great that we are obliged to make very low prices upon our stones to compete with those products.

(3) The quantity of grindstones annually imported into this country from England is but a trifle. Nine-tenths of the imported stones come from the maritime provinces, as before stated. There are more grindstones consumed in the New England States than in all the balance of the country. Foreign grindstones being produced by cheap labor and brought there by water at low rates of freight, we are by the aid of the present protective tariff only enabled to get a fair share of that trade.

(4) If grindstones are put upon the free list the manufacturers of Ohio must abandon all the Eastern States to foreign stone, thus cutting off an annual shipment from here of many thousands of tons.

(5) Nova Scotia and New Brunswick grindstones are, of course, free in their own country, but on every ton we ship into Canada we have to pay a duty of \$2.

(6) Mr. Mitchell claimed when before the Ways and Means Committee that foreign grindstones are absolutely required in large steel works. This is not correct. There may be in the vicinity of Philadelphia some steel works that use English stones, but we are positive that fully three-fourths of the steel manufacturers in the United States use Ohio grindstones. In fact there is no class of grinding for which the various grits found in Ohio and Michigan are not adapted.

In conclusion, we wish to say that if grindstones of any kind are put upon the free list the manufacturers of this State must either cut down quarrymen's wages sufficiently to offset the present duty or abandon the business in the Eastern States entirely.

The price of grindstones to-day is lower than was ever before known, which should satisfy the most sceptical that the present duty does not foster any monopoly.

Trusting that this matter will receive at your hands the attention which it deserves, we are,

Very truly yours,

THE BEREA AND HURON STONE COMPANY,
GEO. H. WORTHINGTON, *President.*

CLEVELAND, OHIO, *March 6, 1886.*

HON. WILLIAM MCKINLEY, and
HON. COMMITTEE OF WAYS AND MEANS,
House of Representatives:

DEAR SIR: We, the undersigned, citizens of the United States, and residents of the State of Ohio, producers and manufacturers, respectfully ask of your honorable body, the Committee of Ways and Means, that it make no change whatever in its revision of the present tariff so far as it relates to building stone and grindstones, for the reasons herein set forth, and against which we solemnly protest.

First. Our quarry resources are sufficient to supply all the wants of our people; that we have in this country a superabundance of the finest class and the best material of building stone known to the world. Ohio building stone, like New England granite, is too well known to need commendation. Also from the same quarries are manufactured grindstones of all various grits and grades, and adapted to all the purposes for which grindstones in this country are required. Ax, tool, hatchet, plow, saw, and file grits, cutlery and machine grits, we manufacture all sizes, from 30 pounds and less up to 10,000 pounds (5-ton weight). Our quarries are not surpassed in any quarter of the globe for the variety of different grits adapted to all our country's wants, and of inexhaustible supply, covering vast scopes of land ranging from 10 to 30 and 100 feet in thickness. Our quarry products contribute largely to internal commerce, the very life-blood of the nation, supplying thousands of tons for transportation to our railroads, canals, lakes, and rivers, promoting the industry, growth, and prosperity of our country. Thousands of home labor find employment in these industries, all worthy citizens of the United States, producers of wealth, tax-payers, and supporters of the Government in time of peace and its defenders in time of war. Then why should a people who contribute so substantially and patriotically to the support and defense of its own Government not have reciprocal protection to its industries against foreign invasion into the markets of its own country? We say protection against the product of foreign capital and foreign labor that proposes to enter our ports free, paying nothing to the country, to its support or defense, either in times of peace or war, and who are aliens in principle and purpose to our Government. Why should foreign capital and the products of its labor enter our markets "Scott free" to compete with home labor for the trade that belongs of right and exclusively to the citizen, the tax-payer, the patriot, and the soldier, who constitute the very bone and sinew of the nation? Why should a British or any foreign subject have preference over the supporters and defenders of our Government now engaged at common labor producing from our mines and quarries a superior article of commerce almost at labor cost (we do not mean pauper labor)?

We ask, why should a British subject be free, without let or hindrance, to place his goods in competition in our markets with the goods of laborers that pay annually millions to the support and defense of its Government? If possible, it would be worse than rank ingratitude to ignore American labor and to allow its foreign competitor to dump his pauper-made goods without limit into our home market, that of right belongs exclusively to our own people as much as do the firesides and homesteads they occupy and enjoy. Home free trade, interstate commerce, is our own special inheritance, and no British or foreign subject has any right in common to any part of it. We desire to impress upon the minds of your honorable committee that we have an abundance of this material in store for all time to come to supply the wants of our people, and that we have free American labor in great abundance to do the work, and to supply all the demands of trade. That imports of building and grind stones are not needed, but if imported, should not be admitted unless made to pay a duty, a specific duty, of not less than \$2 per ton of 13 cubic feet on grindstones, and \$1.50 per ton on blockstone of like number of cubic feet to the ton.

We are compelled to pay the same specific duty per ton as recited herein upon all the shipments we make into Her Majesty's dominions, the Canadian provinces, and these shipments are very large. Then why should *Her Majesty's subjects, who have appeared* before you gentlemen, seek through your influence to recommend that *their imports shall enter our markets free from any duty?*

We have mainly presented the quarry resources and products from our own State. But what we have said applies as truthfully and with equal force to other States, many of whose resources are alike without limit and capable to supply all the demands of home trade without *imports* from foreign countries.

With all due respect we submit the foregoing for your consideration, trusting that you will sustain us in our conclusions.

Respectfully and truly yours,

L. HALDEMAN,
WM. WILSON,
Committee.

WIRE RODS.

[Office of Cambria Iron Company, No. 218 South Fourth Street.]

PHILADELPHIA, March 10, 1886.

Hon. WAYS AND MEANS COMMITTEE HOUSE OF REPRESENTATIVES,
Washington, D. C. :

We desire to enter our earnest protest against any reduction in the existing duty on steel and iron wire rods. We understand that a petition is now being circulated requesting a reduction in the present duty, under the protection of which there are now a few rod rolling-mills in this country, and with a certainty of continuance of this only meager protection a few years would develop this industry to equal American demands for wire rods. The proposed changes, and to which we object, are the reduction in rate and substitution of sliding ad valorem scale, which, with the present foreign valuation, would equal but \$6.72 per gross ton on steel-wire rods, and which rate would effectually and certainly close up every American rod mill and transfer this industry to our English and German competitors.

We can further state that, in the mechanical appliances, the mills in this country are much in advance of those abroad and the difference in cost is entirely in the difference in wages paid American labor over the low rates of England and Germany.

Yours respectfully,

THE CAMBRIA IRON COMPANY,
By POWELL STACKHOUS,
Vice-President.

DUTIES ON CHEMICALS.

NEW YORK, *March 25, 1886.*

DEAR SIR: An unusual pressure of business has prevented me from replying sooner to your favor of the 26th ult. It will afford me great pleasure to answer your inquiries to the best of my ability, and it would give me unbounded satisfaction should any of my suggestions be deemed worthy of attention. If, through my instrumentality, a few of the many abuses which occur so plentifully in the present law, and which oppress and annoy the drug and chemical business perhaps more than any other branch of trade, should be corrected, I would almost look upon myself as a public benefactor.

I will endeavor to speak only of those matters which I have become personally acquainted with in my business experience, and in fact to speak from definite knowledge only. I will also confine myself more particularly to those articles which are used altogether or chiefly for medicinal purposes. To enter upon a discussion of the duties on chemicals employed in the arts would involve more special knowledge and a better acquaintance with the details of a vast number of industries than I am possessed of.

To reply to your questions, the first of which is, what articles in the drug and chemical trade now paying duties should be on the free list? At the first glance this seemed a very simple question to answer, and I was of the opinion that fully one-half of the articles at present enumerated in Schedule A of the tariff could be placed on the free list without either diminishing the revenues or interfering with existing industries. The amount of revenue derived from most of these articles is so utterly insignificant as to almost disappear when compared with the total amount received from customs; and the cost of collecting the tax and the cost of ascertaining it are so large in proportion that the difference resulting in making them free is too small to enter into calculation.

Again, the chemical industry of the country is so firmly established, stands so high both from the financial and commercial, as well as the technical and scientific standpoint, as not to require protection. It is able to stand on its own feet; it competes successfully in articles now free, and even has succeeded in competing with foreign manufacturers in their own countries. It held its own, I am told, before the war, when unprotected, and its products at the present time are as a rule preferred to the foreign, and in many cases bring a higher price.

But at a second, more careful look I find that the articles which can be made absolutely free are comparatively few; some, such as morphia, santolin, and strychnia, which now are especially mentioned in the tariff, which have been singled out from their class for specially onerous duties (for what purpose it is easy to conceive), are no more entitled to be on the free list than the hundreds of other articles of the same class now paying 25 per cent. To put them on the free list without placing the whole class of alkaloids there as well would be an injustice. Others again, while they ought to be free, being used for medicinal purposes or as articles of food, are so closely allied and can be so readily converted the one into the other that either all or none should be free.

To particularize:

(1) The articles enumerated in Schedule A, section 93, of the present law should all be free; the whole paragraph could be easily transferred to the free list as it stands. All the preparations mentioned therein are used only medicinally; almost all can be made as cheaply here as anywhere else in the world; the domestic product will always be preferred for many reasons, and medicines used only as medicines ought not be taxed.

(2) The articles enumerated in section 92 of the present law should be free, excepting expressed oils, rendered oils, alkalies, and chemical salts. The new paragraph could read as follows: "All preparations known as essential oils, distilled oils, and alkaloids, and all combinations of any of the foregoing, by whatever name known, and not especially enumerated or provided for in this act, free." This would tend to simplify the tariff more than any other one change that I could mention; it would make it unnecessary to specify in the free list 553, 555, 556, 558, 560, 561, 562, 563, 564, 565, 566, 567, 569, 570, 572, 573, 574, 575, 576, 577, 578, 581, 583, and 629, as they all come under this heading. It would also include the articles now taxed under Schedule A, sections

25, 26, 30, 111, and 123, by merely omitting these sections from the new law. The essential oils now free comprise probably 80 per cent. (in money value) of all the oils imported, and there is no visible reason why the remaining 20 per cent. should be taxed. On the contrary, most of those now free are used by perfumers, distillers, &c., while those still taxed are chiefly used in medicine. The new paragraph could probably be embodied in section 93.

(3) *Section 2, beeswax.*—This duty is utterly useless and a dead letter. Beeswax is exported largely, and none imported. Even should some be imported from the West Indies, if made free, this would only help out trade with that section of the world, a trade which under the present tariff is rapidly growing less. Beeswax should be on the free list.

(4) *Section 7, phosphorus.*—It is not now manufactured in this country, and probably never will be, on account of the tendency to speedy death of those engaged in its manufacture. It is used almost altogether in the manufacture of lucifer matches, and I know of no reason why it should not be free.

(5) *Section 10, sponges.*—This duty is presumably intended for the protection of the Florida sponge fisheries. It is ridiculous, as Florida sponge is exported in enormous quantities. The price of Florida sponge is to-day 25 per cent. higher than it was ten years ago, and is continually advancing, without regard to the duty. Its value bears no relation whatever to the price of Mediterranean sponge, and is but slightly affected by the price of West India sponge. The present duty is merely a tax on sponge which is not found in the waters of our country, and has given rise to enormous frauds by undervaluation and otherwise. Abolish the duty, and the price of domestic sponge will not be altered 1 cent's worth, as it is dependent entirely upon the production, which is decreasing continually. We will continue exporting sponge, the frauds will cease, and sponges of all descriptions will become dearer at the same rate as heretofore, as the production all over the world is decreasing.

(6) *Section 12, acetic acid.*—This whole paragraph can disappear from the law without any change resulting therefrom. Acetic acid is manufactured cheaper and better in this country than anywhere else, and it belongs properly to the class comprised in section 594 of the free list.

(7) *Section 13, citric acid.*—Why this should be singled out for a duty of 10 cents per pound surpasses my comprehension. But one house in the country manufactures the article, and I am certain it can be made as cheaply here as anywhere. The present duty is merely a bonus paid by the people of the United States to this house. Section 13 should disappear from the law; section 594 takes care of the article.

(8) *Section 23, resublimed iodine.*—This is used only medicinally, can be resublimed as cheaply here as anywhere, and should be free. The present tariff is absolutely prohibitory.

(9) *Sections 25 and 26, oil bay and oil croton.*—By striking these two sections from the law the oils mentioned therein would come in free under section 92 as changed. The duty on them is an absurdity, the amount realized therefrom is ridiculously small, and they have only been taxed for the benefit of one local manufacturer. It is iniquitous to retain such infamous marks of favoritism in the statutes.

(10) *Section 30, strychnia.*—Omit this paragraph, and strychnia would come in free under section 92 as changed. It is used chiefly medicinally, and for destroying wild beasts in sparsely settled sections of the country. The duty is prohibitory, and for the benefit of only one manufacturer. It can be made here as cheaply as anywhere.

(11) *Section 35, aqua ammonia.*—This may safely be added to the free list, as the article is so cheap here that it will not even bear inland transportation charges, much less freight from foreign countries.

(12) *Section 36, carbonate ammonia.*—There is almost none imported any more. To put it on the free list would prove beneficial to a number of industries, and would, in fact, only open the doors to fair competition. It is used chiefly by bakers, and can be properly classed as an article of food.

(13) *Sections 35 and 37, sulphate and muriate of ammonia.*—All that has been said in the preceding paragraph, excepting that they are not articles of food, applies in a still greater degree to these two articles; they should be made free.

(14) *Section 38, mineral waters.*—This clause has given rise to a great deal of litigation, and can safely be omitted. Transportation charges and the duties on containers are ample protection to the domestic manufacturer.

(15) *Section 42, refined borax.*—This section is a dead letter, as no borax is imported. The United States beat the world in the production of borax.

(16) *Section 43, boracic acid, &c.*—Is merely designed as a premium to domestic manufacturers. Can be made cheaper here than anywhere else, and should be made free. Section 594 of the present law would cover it.

(17) *Section 47, chromic acid*.—Another instance of picking out an utterly insignificant article for a special duty. Omit the paragraph and under section 594 it will be free.

(18) *Section 62, sulphate magnesia*.—Cannot bear transportation charges, much less a duty.

(19) *Section 65, iodide potassium*.—Is used only medicinally, and, like resublimed iodine, can be made as cheaply here as abroad. If any article belongs on the free-list it is this.

(20) *Section 108, iodoform*.—The duty on this article is a crying shame. Like resublimed iodine and iodide potassium, it is employed only medicinally, and can be made here as cheaply as anywhere. Under the old tariff this preparation at first paid a duty of 10 per cent. as a preparation of iodine, and later, under a decision of the Secretary of the Treasury, 40 per cent. as a medicinal preparation; and even when the duty was but 10 per cent. the domestic makers successfully competed with the foreign product. A duty of \$2 per pound was smuggled into the present tariff law, and the domestic makers at once advanced their price accordingly, just below the cost of importation of the foreign. When you consider that four-fifths of all the iodoform consumed is used by hospitals, infirmaries and other eleemosynary institutions, you will get a fair idea of the greed of the manipulators of the tariff. To the insider it is the most stupendous piece of "log-rolling" ever contrived, and it must fill every honest man with shame at the negligence and carelessness of our legislators—to use no harsher term. Should certainly be added to the free list.

(21) *Paragraph 109, tannic acid*.—Should be free, under section 594.

(22) *Section 111, santquin*.—The present duty is prohibitory. Can never be made as cheaply here as in Russia, where immense factories, producing nothing else, have recently been erected, and which supply the world both with the raw material and the finished product. It is used only medicinally, mainly by the poorer people, and should be absolutely free. Formerly Germany supplied it to every one except the United States, but of late the Germans have ceased making it, because unable to compete with Russia. There is absolutely nothing to be gained by manufacturing it here except the increased profits of the only two domestic makers as, should the supply from Russia ever be cut off, the supply of the raw material, the wormseed, would cease as well. It is a great piece of favoritism, and should be made free under section 92.

(23) *Section 112, fusil oil*.—This should be omitted from the list of dutiable articles, as it is not only not imported, but exported very largely.

(24) *Sections 120, 121, and 122, opium*.—There is no reason why opium, of all the crude drugs, should pay a duty. The quantity used for illicit purposes is comparatively small, and the additional cost caused by a duty will not deter those using it illegitimately from obtaining it; they will procure it at all hazards and at any cost. I repeat, medicines should not be taxed. The clause of the present law prohibiting the importation of opium containing less than 9 per cent. of morphia, should remain in force, as well as that relating to opium prepared for smoking. To tax the strictly medicinal preparations of opium, such as the aqueous extract, 40 per cent. is nonsense.

(25) *Section 123, morphia*.—All that I have said in reference to the other alkaloids applies to morphia with equal force. It can be made here as cheaply as anywhere else, precisely as quinine is now made, and to make it free would merely result in cheapening medicine and decreasing the profits of a few manufacturers.

To recapitulate, I hold that all of the foregoing should be made free; because

(1) They are used almost solely for medicinal purposes chiefly by the poorer people, hospitals, &c.

(2) The amount of revenue to be derived from their taxation is very small, no matter how high or low the rate of duty may be.

(3) The whole number of people in this country employed in their manufacture is so insignificant that protection to home industry in this instance sounds ridiculous.

(4) Most if not all of them can be manufactured as cheaply here as anywhere else.

(5) The present tariff on these articles, in many cases prohibitory, seemingly serves but one purpose, namely, to still further enrich a few millionaire manufacturers.

You will see that I have answered your first question very explicitly; in fact, I have been more prolix than I at first intended, or than the nature of a communication like this demands; but I have been carried away, in spite of myself, by the inconsistencies and injustices of the present law. If all my preceding suggestions were adopted *in toto* I venture to assert that neither our imports, our manufactures, nor our revenues would be affected to any appreciable extent, and our tariff laws would be simplified and their most prominent and apparent incongruities would disappear.

As to your second query, "On what drugs and chemicals is the present tariff prohibitory, and what reduction on them will open the trade to real competition," it has been answered to a great extent in the above. I have merely to add that the duties on tar-

taric acid (section 14), refined camphor (section 15), castor-beans (section 16), castor-oil (section 17), cream tartar (section 18), rochelle salt (section 29), are prohibitory.

How far they can be reduced without detriment to domestic industries is a very difficult matter to decide; the duties on tartaric acid, cream tartar, sal rochelle and partly refined tartar could probably fall away together, and most certainly could bear a reduction of 50 per cent. to meet the requirements of the second part of your question. Tartaric acid is used chiefly medicinally, rochelle salts altogether so, and cream tartar mainly by bakers and in the preparation of baking powders, making it an article of food. The domestic production of all the above is controlled by three manufacturers, two here and one in Philadelphia.

On refined camphor a duty of 3 or even 2 cents per pound would perhaps permit its importation whenever our domestic refiners (there are but three, two here and one in Boston) put up their price too high.

The duty on castor-beans could be reduced to 15 cents per bushel, and the duty on the oil to 20 cents per gallon. Castor-oil in bond is now quoted at about 80 cents per gallon, which, with the reduced duty added, would make the price "free" \$1 per gallon. It was sold for years even below this figure by our domestic pressers when they were fighting each other; but for the past four or five years they have been working harmoniously together, and the price has been about \$1.25 per gallon for that period. Quite a snug little bonanza, you will agree with me.

In reply to your third question, who are the two firms which control the castor-oil trade, I would say: H. J. Baker & Bro., of this city, and the Collier White Lead and Oil Manufacturing Company, of Saint Louis. The former concern probably press three-fourths of the castor-oil manufactured in this country. The oil made here is of a better quality than the foreign.

There are many other articles in Schedule A which are in sore need of a reduction of duty, but for the reasons stated at the beginning of my letter I do not speak of them here. For instance, the duties on preparations containing alcohol, and enumerated in sections 103, 104, 105, 106, 107, 110, 113, 114, 115, 116, and 118 can, in my opinion, be somewhat reduced, so as to open the doors to fair competition, but to what extent is very difficult to say. Probably they had best be left alone until a definite policy shall have been established in reference to the internal-revenue tax on alcohol used in medicine and the arts.

In conclusion, and in reply to your inquiry, you may make whatever use you deem best of this letter, or any part thereof, and I only hope it will prove of some ultimate benefit.

I regret exceedingly that want of time does not permit me to investigate the subject more closely, as I am confident a large number of "snug things" besides those I have called attention to, and by which the many are taxed for the benefit of a few, are hidden away in the present law.

Very respectfully, yours,

ALBERT PLANT.

Hon. WM. C. P. BRECKINRIDGE,
House of Representatives, Washington, D. C.

TARIFF LAWS.

[Presented by Hon. A. C. Harmer, of Pennsylvania, and printed at his request.]

To the honorable, the Committee of Ways and Means of the House of Representatives, Washington, D. C.:

A convention of all the textile workers of Philadelphia having delegated us for that purpose, beg leave to lay before your honorable body the following statement of their grievances and requests:

We believe this to be the first time in the history of the country that any large body of workmen has taken independent steps for a hearing before your body on the tariff question. To this they are moved by a sense of the danger they are in from the unequal operations of the present law, which are now brought right to their doors with blighting effect.

The importation of woolen and worsted cloths is increasing at a fearful rate while our own weavers are thrown out of employment, and those who are still employed are put upon such poor work that with the severest kind of work they cannot earn living wages. Some of this cloth is imported in the "grease" or in a state in which it is taken off the loom and finished here. Only last week fifty weavers and three warpers were laid off in one Philadelphia mill, and it was given out on good authority that this was done because the proprietors could buy the cloth as cheap in our own market as they could buy the yarn.

In another mill upwards of one hundred looms are idle, while the finishing department runs on full time. Some others are threatening to shut down altogether, or going on short time, while all of them are making only the commonest grades of goods. It must be more profitable to import these goods in the "grease," with the cost of weaving added, than to import the yarn, or it would not be carried on to such a great extent; and we fail to see how a law which permits such a gross wrong and inconsistency can be said to afford any protection to labor; and as all laws imposing tariff duties are said, by their advocates, to be for the protection of labor, we now demand that they be made protective in fact as well as in name; and as we have left the management of these affairs to our employers until we find that they have succeeded in shaping the laws for their benefit and our injury, we now speak out for equal rights and equal benefits, believing that we possess the intelligence, strengthened by experience, to know what we want. We know that the subject is an intricate one and requires great skill to handle, but we know also that it is not so difficult to know that when the duty on the materials is higher than the duty on the finished goods there is injury to labor instead of protection. We need, for instance, no alchemist or mathematician to tell us that a duty on worsted yarns 20½ per cent. higher than the duty on worsted cloths, is never going to stop this importation so injurious to us, nor is it going to stop this cloth being invoiced as waste or damaged goods on the pretext of its not being "burled" or "mended," and that the weavers, if this is not put a stop to, will have to seek other occupations; perhaps become "burlers" and menders."

What good then is a tariff to us, whether high or low, so long as it operates so unequally and unjustly, and places into the hands of our employers a rod with which to chastise us whenever we dare to ask for our share of its benefits; and the above statement shows one way in which that rod is wielded. Now, it cannot be the difference in the wages that is causing all this when the entire wages account in the worsted and woolen industries is but 17.70 per cent. of the product, and in the cotton industries 20.88 per cent of the product, and it stands to reason that this very small account can play but a trifling part in international trade; and this aptly illustrates the folly of the

great hubbub about wages that is made in most of the discussions of this question. It is time, indeed, that this little bugbear about wages was dropped and the greater ones about high rates of interest and profit on capital, the enormous tax on raw materials, the high charges and discriminations of the railroads in transportation, the heavy general taxation, the lack of skill and management and economic administration and the excessive number of high-salaried bosses in our mills, taken into account, and it will be found that in these combined there is room for a reduction that will aggregate more than the entire wage account of American labor, and make up more than ten times over for all the difference there may be between American and European wages. As the law now stands the tariff tax on the materials amounts to much more than the wages paid on the finished fabrics, which accounts for the enhancement of prices without a relative compensation to labor, and hence the possibility of importing the finished, or even partly finished, product at a greater profit than to import the materials and having them manufactured here.

This is shown by the importation, in the year 1883, of 8,220,025 pounds of worsted cloth, valued at \$10,806,324, while the importation of worsted yarn amounted to but 418,300 pounds, valued at \$433,363. The importation value of the cloth was \$1.31½ per pound, and the value of the yarn was \$1.03½ and there is about a pound of yarn in the yard of cloth. Who will believe that 23 cents difference between the cloth and yarn will pay for the weaving, scouring, dyeing, finishing, the factory expenses, and interest, and profit on the capital invested, and to the extent that it falls short of paying these labor is cheated, as experience has shown that it has to make up all shortages, and to that extent is it more profitable to import the fabric than the materials composing it; and this is another way in which labor is cheated by having the mill-doors closed to it while the foreign-made goods, which represent an equal amount of labor cost, is shoved in under its very nose and sold at enormous profits; for it must be borne in mind that this cloth which is invoiced at the custom-house at \$1.31 per yard is sold here at from five to ten dollars per yard. Somebody is making a big thing out of this, and it is not labor, which should find in this a source of remunerative employment, and would have it were it not for the excessive tax on the materials.

The popular notion is that the wages of labor plays an important part in these peculiar transactions, and that the difference between American and European wages is the main thing that prevents our manufacturers from competing in the home market with the foreign manufacturers, and in this connection it is fashionable to overstate American wages by citing isolated and exceptional cases instead of the average. We have in our possession a wage list (official) of a mill near Huddersfield, England, which compared with that of one of the largest mills in Philadelphia shows the same average, but the extras paid in the English mill makes its rates a little higher than the Philadelphia mill. We have also a list of another Philadelphia mill, which shows an average of \$3.76 to \$8.30 per week for steady work. In the last United States Consular Reports the general average wages of weavers outside the mills in England is given at \$6.31 per week; in seven selected mills in New Jersey the average is \$6.72 per week; but it must be borne in mind that the American weaver turns out at least one-third more work than the English weaver in the woolen industry, and nearly one-half more in the cotton industry, and this is another evidence that our tariff laws have failed to keep American wages up to the measure of the productiveness of the workmen, and therefore fails to protect them, because the tax on raw materials neutralizes the wage account, and deprives American labor of the chance to compete with foreign labor even in our own market.

Secretary Blaine, in his letter transmitting the consular reports to Congress, places the difference between the wages of the cotton operatives of Massachusetts and Lancashire at not quite one dollar per week, and adds that even this slight difference is more than made up by the greater productiveness of the American workmen, which he proves by a large array of statistical facts.

United States Consul-General Merritt, at London, says, speaking of "labor and living" in England: "On general principles, I should judge that the great difference hitherto existing between wages in the two countries (England and America) is lessening rather than increasing." How could this be if our present tariff was really protective for labor?

Let us examine into this by a comparison of the wages and tax in the products in the woolen and cotton industries.

Woolen industry, 1880:

Wages in \$100 of products-----	\$17 70
Materials in \$100 of products-----	61 50
Tariff tax on materials -----	24 60
Excess of tax over wages-----	6 90
Excess of tax over profit -----	3 80

This shows that both labor and capital are cheated by this unnecessary tax, and how it neutralizes the great opportunities our great natural advantages and unbounded resources offer to labor and capital alike.

The cost of materials in a piece of ingrain carpet (125 yards) is \$52.50.

Tariff tax on same, dyed, 40 per cent -----	\$21 00
Wages in same, 6 cents per yard -----	7 50
Excess of tariff tax over wages -----	13 50

This tax would pay the wages for weaving over again, the winding, wear and tear of machinery, and all other factory expenses, and still leave a small balance for profit.

Yet the manufacturers of Philadelphia a little more than a year ago permitted a strike of several months' duration against a reduction of 1 cent per yard in the weavers' wages, but said not a word against this enormous tax, which amounts to $16\frac{3}{4}$ cents per yard, showing an excess of tax over wages of $10\frac{3}{4}$ cents.

In the face of these striking facts why is it that the difference between American and European wages is so constantly harped upon? Is it to impress the American workman with the notion that his income is princely compared with that of his less fortunate fellow across the water, and so far as "misery loves company" persuade him to be contented because somebody is worse off than himself? The state of his bank account just now, however, dispels that delusion most effectually, and he is awakening to a realization of the question whether this great country does not offer him natural opportunities to be still better off, and so long as he is not, whether there is not a something that hampers him, and that something is the fault of the law-makers who have interposed obstacles to the free expansion of his powers and their reward, and have widened the gap between labor and its compensation.

The other design of this harping evidently is to keep our people under the impression that the present tariff is for the sole purpose of keeping up wages here to a high standard, that the difference in wages alone is what forces the imposition of high tariff duties that there are no other causes but that difference in wages that operate against us, and thus to keep them blinded to the real causes of the trouble out of which the few reap rich harvests at the expense of the many. But when they find that manufacturers are importing cloth in the "grease" and finishing it here because it is more profitable to import it ready woven than to buy the material and weave it here, and when they find manufacturers laying off hands in their weaving and spinning mills because they can buy the cloth and fabric brought from Europe as cheap as they can buy the materials, although the wage account in the fabric is as great there as elsewhere, when they find manufacturers realizing a profit of 20 per cent. on capital, watered stock and all, besides a large surplus, while they pay their hands an average of 80 cents per day of eleven and twelve hours, including the pay of the bosses, they know that there is a screw loose somewhere else than in the wage account, and that a general revision and readjustment of the tariff laws is necessary more than a general reduction or a general increase, and that reform in their administration is imperative. We have been taught to understand this by bitter experience. The attempt has never been made to protect or restrict the labor market; it has always been and is free, and we are compelled to sell our labor in a cheap market, that is, our employers are free to draw their labor from the markets of the world and there is no protection for us against it. Numerous instances of the damaging effect of this have recently been brought home to us. On the other hand, when we go into the market for the necessities of life we find it restricted and placed under the absolute control of a favored class, and hence any increase of wages we do enforce is taken from us again in the increase in the prices of commodities, &c., and thus one of the greatest objects of organized labor is nullified.

For the purpose, therefore, of making our organized efforts of some use and benefit to us, we now demand a readjustment of the laws that shall vouchsafe to us a fair and equal chance in the race of life—that our right to "life, liberty, and the pursuit of happiness" shall not continue to be circumscribed—believing also that with a fair chance at the bounties of Providence, which our country possesses more than any other, we can dare the world to outdo us; that with all restrictions and burdensome levies removed we can rival the nations of the world and take away from them the supremacy on land and sea. We fail, too, to see how a system under which colossal fortunes have been accumulated in a trice by the few, while the masses have sunk deeper and deeper into poverty, and under which the greatest uprising of labor the world has ever seen has been caused, can be of any permanent benefit to us. Does it not stand to reason that this great uprising which could not have arisen without a cause other than inherent love of strife in the people is the best evidence that all the benefits arising from the system has been diverted into the possession of the few while the masses went empty-handed; for it is no

longer necessary to scour Europe to find pauper labor. We have it here in our iron and coal mines working for 75 cents a day, and skilled operatives in our cotton and woolen mills working for less than 80 cents a day, our laborers in rolling-mills being blessed with a 10 per cent. increase to bring them up to a dollar a day, only to find that their rents are raised because of that raise; and our weavers and spinners, who are already working for little more than those of England, being thrown out of work because the cheaper goods come here from England to drive our people into idleness. When the American manufacturer goes to England—and there is where he does go now—to have his goods woven, he does not go into a cheaper labor market, for the slower work there makes the labor cost in the fabric as high there as it is here, but he does go into a cheaper wool market, being able to buy there 2 pounds of wool for what 1 pound costs him here.

For these and other reasons, which we have not space to cite now, we request you to give your attention to such a revision of the tariff laws as will give us the raw materials of manufacture free of duty and put a graduated scale of duties on the fabrics so arranged as to correspond with the amount of labor expended in the course of construction, keeping in view the adjustment of any difference there may be between wages here and elsewhere.

That luxuries be taxed higher than necessities, instead of *vice versa*, as is now the case.

That the partly finished or partly constructed fabrics shall be taxed at a greater rate than the materials entering into their composition, and not, as is now the case with the duty on the materials, higher than on the finished fabrics.

That reform shall be secured in the administration of the law at the custom-houses which shall secure a just and proper valuation of all articles entering into consumption here, and to this end we would recommend a provision enforcing the employment at the custom-houses of persons of practical experience in the nature and construction of textile fabrics, which is necessary for the proper valuation of fabrics in their various stages of construction.

That stringent rules be adopted to prevent undervaluation and fraud.

Being upwards of 40,000 in number and speaking independently for the first time, we crave your attention and that of Congress to our interests, which, though small in size, are yet as dear to us as are the interests of the wealthy to them, and we no longer believe that the mere possession of wealth should give any more weight than the oppression of poverty; for "the little all is as dear to us as is the much to the wealthy and powerful," and all have a right to stand upon an equal footing before the law-making power of the land. To this we pledge ourselves with all the powers possessed by American freemen, hoping that wise counsels will prevail and our interests conserved.

In further support of the correctness of the ground we take we will say that from the tables given in Evans' "Imports and Duties, 1883," we find that in the year 1883 the importations of "wool, raw or unmanufactured," amounted to 53,049,967 pounds, valued at \$8,491,988.23, and the duty paid was \$3,174,628.02. The duty on the different grades of wool runs from 24.86 per cent., the lowest, to 103.98 per cent., the highest, averaging 37.38 per cent. for all grades, or about 6 cents per pound.

The total amount of wool consumed in the United States in 1884 was 398,350,651 pounds, on all of which, domestic or foreign, this tax was added, amounting to at least 5 cents per pound and aggregating \$19,917,532. Can an industry be prosperous that is taxed at the rate of \$20,000,000 a year for the benefit of a few men who employ the minimum amount of labor, as do the wool-growers? Thus the operative in the woolen industry is taxed \$100 upon but one item of the materials he works up; and when we take into consideration the fact that similar taxation is imposed on every other item of materials used in the manufactures, we can no longer wonder why it is that, notwithstanding the small compensation our labor receives, we cannot compete with the manufacturers of the Old World, and why it is that, notwithstanding our boasted protection, "the great difference hitherto existing between the wages of the two countries is lessening rather than increasing."

Assuming that the duties on the other materials used in the woolen manufactures are less than those on the wool, and assuming the average on all to be but 30 per cent., including wool and all, we find that the tax on the \$164,371,551 worth of materials was \$49,311,465.30 in the year 1880. The total wages paid in the same year amounted to \$47,389,087, showing that the tax was \$1,922,378 in excess of the wages of all the woolen workers; and we can safely say that our calculation of the tax percentage is not excessive. Here, then, we find a place where a reduction can be made without injuring any class or crippling a single industry, and we feel impelled to protest against being longer oppressed to give a few the whip-hand over us.

The removal of this tax must be beneficial to the manufacturer also, as it will give him freedom to expand to other markets beside our own; to increase wages, which will enhance the prosperity of the working people, who will in turn enhance his prosperity

by their ability and willingness to consume more of the manufactures, and the benefits will eventually reach all the people throughout the broad land. It will bring contentment where now is unrest and hard feeling. It will bring prosperity to our manufacturing industries, bring about a more equitable distribution of the products of labor, lift the brake from our commerce and industries, and cause the ocean to be dotted with our ships, that as a nation we may once more feel proud of having the Stars and Stripes float aloft in every part of the world.

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